



Susan Combs Texas Comptroller of Public Accounts

Agency Strategic Plan

For the Period 2009-2013

Agency Strategic Plan

For the Period
2009-2013

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Overview

WHAT IS A STRATEGIC PLAN?

As a document, a strategic plan identifies what an agency is and what it intends to be. It defines agency goals and objectives and charts a course for the future. As a process, strategic planning is continuous, with no clear beginning and no clear end. While plans are developed on a regular basis, it is the process of planning that is important. It implies strategically thinking about the future and how to get there; it optimally involves front-line employees as well as customers; and it provides a common understanding of where the state and the agency are going and how everyone involved can work to that common purpose.

The iterative cycle of strategic planning and budgeting began in Texas in 1992 with the issuance of a statewide vision and the creation of the Statewide Planning and Budgeting System (SPBS). The SPBS links agencies' strategic plans to the state budgeting process, using each agency's strategic goals, objectives and strategies as the basis for constructing the state budget. Performance measures developed under each appropriation provide legislators with a basis for evaluating an agency's ability to meet its objectives.

In 1996, the Governor's Office issued *Vision Texas: The Statewide Strategic Planning Elements for Texas State Government*, containing goals for major service areas in state government and benchmarks that measure progress toward the statewide goals. Since the 1998-99 biennium, Texas state agencies have been required to link each budget strategy in their appropriation requests to at least one of the statewide goals, state-level benchmarks and service categories. As a result of these innovations, Texas government today is more efficient, effective and accountable to its customers, the citizens of Texas.

SECURING OUR FUTURE

Working together, we can accomplish our mission and address the priorities of the people of Texas:

Assuring open access to an educational system that not only guarantees the basic core knowledge necessary for productive citizens but also emphasizes excellence and accountability in all academic and intellectual undertakings;

Creating and retaining job opportunities and building a stronger economy to secure Texas' global competitiveness, leading our people and a stable source of funding for core priorities;

Protecting and preserving the health, safety, and well-being of our citizens by ensuring healthcare is accessible and affordable and by safeguarding our neighborhoods and communities from those who intend us harm; and

Providing disciplined, principled government that invests public funds wisely and efficiently.

THE MISSION OF TEXAS STATE GOVERNMENT

Texas state government must be limited, efficient, and completely accountable. It should foster opportunity and economic prosperity, focus on critical priorities, and support the creation of strong family environments for our children. The stewards of the public trust must be men and women who administer state government in a fair, just, and responsible manner. To honor the public trust, state officials must seek new and innovative ways to meet state government priorities in a fiscally responsible manner.

Aim High... We Are Not Here to Achieve Inconsequential Things!

THE PHILOSOPHY OF TEXAS STATE GOVERNMENT

The task before all state public servants is to govern in a manner worthy of this great state. We are a great enterprise, and as an enterprise, we will promote the following core principles:

First and foremost, Texas matters most. This is the overarching, guiding principle by which we will make decisions. Our state, and its future, is more important than party, politics, or individual recognition.

Government should be limited in size and mission, but it must be highly effective in performing the tasks it undertakes.

Decisions affecting individual Texans, in most instances, are best made by those individuals, their families, and the local governments closest to their communities.

Competition is the greatest incentive for achievement and excellence. It inspires ingenuity and requires individuals to set their sights high. And just as competition inspires excellence, a sense of personal responsibility drives individual citizens to do more for their future and the future of those they love.

Public administration must be open and honest, pursuing the high road rather than the expedient course. We must be accountable to taxpayers for our actions.

State government has a responsibility to safeguard taxpayer dollars by eliminating waste and abuse and providing efficient and honest government.

Finally, state government should be humble, recognizing that all its power and authority is granted to it by the people of Texas, and those who make decisions wielding the power of the state should exercise their authority cautiously and fairly.

Statewide Vision

Working together, we can accomplish our mission and address the priorities of the people of Texas: assuring open access to an educational system that not only guarantees the basic core knowledge necessary for productive citizens but also emphasizes excellence and accountability in all academic and intellectual undertakings; creating and retaining job opportunities and building a stronger economy to secure Texas' global competitiveness, leading our people and a stable source of funding for core priorities; protecting and preserving the health, safety, and well-being of our citizens by ensuring healthcare is accessible and affordable and by safeguarding our neighborhoods and communities from those who intend us

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Statewide Priority Goal

To provide citizens with greater access to government services while reducing service delivery costs and protecting the fiscal resources for current and future taxpayers by:

Supporting effective, efficient, and accountable state government operations;

Ensuring the state's bonds attain the highest possible bond rating; and

Conservatively managing the state's debt.

Agency Mission

The Office of the Texas Comptroller of Public Accounts will serve the people of Texas by applying the tax and fiscal laws fairly and consistently. We will continue to improve our services through innovative management and technology, carrying out all our duties with integrity, openness and at the least cost to the taxpayer.

Agency Goals

Improve voluntary compliance with the tax laws.

Efficiently manage the state's fiscal affairs.

Expediently manage the receipt and disbursement of state tax revenue.

Develop and maintain a skilled work force, committed to quality performance.

Maximize customer satisfaction by improving services while minimizing administrative burdens on those we serve.

Establish and implement policies governing purchasing and all contracting that foster meaningful and substantive inclusion of historically underutilized businesses (HUBs).

The Strategic Planning and Budgeting System of Texas

Statewide Vision

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STATEWIDE GOAL AND BENCHMARKS FOR GENERAL GOVERNMENT

Priority Goal

To provide citizens with greater access to government services while reducing service delivery costs and protecting the fiscal resources for current and future taxpayers by:

Supporting effective, efficient, and accountable state government operations;

Ensuring the state's bonds attain the highest possible bond rating; and

Conservatively managing the state's debt.

Benchmarks

Of the 12 statewide benchmarks selected for General Government agencies, the benchmarks most likely to be impacted by the Comptroller's strategies include:

- Total state taxes per capita
- Total state spending per capita
- State and local taxes per capita
- Number of state services accessible by Internet
- Total savings realized in state spending by making reports/documents/processes available on the Internet

OUR MISSION

The Office of the Texas Comptroller of Public Accounts will serve the people of Texas by applying the tax and fiscal laws fairly and consistently. We will continue to improve our services through innovative management and technology, carrying out all our duties with integrity, openness and at the least cost to the taxpayer.

OUR PHILOSOPHY

We will carry out our duties openly, ethically and fairly. We will emphasize transparency and ensure greater accountability by making records freely accessible. We will listen to those we serve and ask them to judge our performance. We will deliver more services at lower costs by continually examining and improving the efficiency of our work. Employees will be rewarded for initiative, good ideas and productivity. While mindful that the human element is the source of creativity, we will seek out and use innovative technology to do our jobs simpler, smarter and faster. We will keep our word and deliver what we promise.

OUR COMPACT WITH TEXANS – WHAT YOU CAN EXPECT FROM US

The Comptroller's office will provide every customer with fast, fair and efficient service; exceed expectations; and continually explore ways to save taxpayer dollars through simpler, smarter and faster solutions.

Our Customer Service Principles

- Dynamic Assistance
- Quality Work
- Accessible Staff and Facilities
- Fair and Equitable Treatment
- Innovation and Improvement
- Privacy and Confidentiality
- Fast Response to Problems

Dynamic Assistance

The "Texas Taxpayer Bill of Rights" summarizes the agency's commitment to customer service for Texas taxpayers. The goal of this bill of rights, and the Comptroller's office, is to ensure those individuals and businesses who file and pay state taxes receive the treatment and service to which they are entitled.

- You're going to be treated with fairness, courtesy and genuine respect because it's the Texas thing to do.
- You'll get fast, accurate responses to your information needs. That's an important part of our job.
- If you ever have a complaint, it will be handled by an agency-appointed expert ombudsman.
- The rules, publications and forms are readily available and written clearly.
- Helpful information resources are available at any of our statewide offices or at your fingertips at www.window.state.tx.us.
- The tax process is fair and confidential. The timelines are clear. We will do everything we can to work with you and meet your needs.

Offices are open between 8 a.m. and 5 p.m., Central Standard Time, Monday through Friday. Tax assistance telephone lines are open from 7:30 a.m. until 5:30 p.m., Central Standard Time, Monday through Friday. Information is available on the agency's Web site 24 hours a day, 7 days a week.

Quality Work

The agency's trained, professional staff aims to get every aspect of a customer's affairs right the first time.

Accessible Staff and Facilities

Agency staff may be contacted by e-mail, telephone or letter. Field offices located across Texas are also open to visitors.

Headquarters address:

111 East 17th Street
Austin, Texas 78774

Mail correspondence to:

P. O. Box 13528
Austin, Texas 78711

Agency switchboard:

(800) 531-5441
(7:30 a.m.-5:30 p.m., Central Standard Time,
Monday-Friday)

Fair and Equitable Treatment

The Comptroller's office promises tax and fiscal processes that are fair, equitable and timely. For special needs, any of the agency publications can be made available in Braille, large print, audiotape or Spanish. An alternate format can be requested by contacting the agency's customer service representative at comptroller.help@cpa.state.tx.us.

Innovation and Improvement

Customer input is critical to the agency's continuous improvement efforts. Customers are surveyed on a regular basis to obtain input and ideas to improve agency processes.

Privacy and Confidentiality

The Comptroller's office will follow the letter of the law when it comes to taxpayer privacy and confidentiality.

Fast Response to Problems

Despite the agency's best efforts, there could be times when delays arise. All complaints are handled with a sense of urgency. If a complaint is filed, a response can be expected within 10 working days.

Tax disputes previously handled by the Comptroller's office are now heard by administrative law judges with the Tax Division of the State Office of Administrative Hearings. Contact the State Office of Administrative Hearings at questions@soah.state.tx.us.

Due to the size and number of programs administered by the Comptroller's office, two individuals assist in resolving customer issues. The Customer Relations Representative works with customers who have non-tax related issues, while the Agency Ombudsman assists customers with tax or business-related issues.

Agency staff will treat all customers with care and attention whether filing a tax return, undergoing an audit or simply seeking information.

Our Customer Service Standards

- Online tax information will be available 24 hours a day, seven days a week.
- Qualifying taxpayers can file state sales tax returns via the Internet 24 hours a day, seven days a week.
- Telephone messages will be returned within 24 hours.
- Complaint letters will receive responses within 10 days.

The Comptroller's office regularly assesses its customer satisfaction levels through a number of surveys and report cards. Because of the complexity and range of duties performed by the agency, areas individually survey their customers. The agency also monitors its progress through the use of performance measures designed to evaluate the level of customer satisfaction with major areas of the agency. A separate *Comptroller's Report on Customer Service* is available on the agency's "Window on State Government" Web site.

Agency Strategic Plan

For the Period
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External/Internal Assessment

I.

OVERVIEW OF AGENCY SCOPE AND FUNCTIONS

The Texas Comptroller of Public Accounts, created by the Texas provisional government on Dec. 30, 1835, was directed to keep an accounting of the infant nation's debts and pay them if and when money became available. The office continued as an appointed position in the Republic of Texas and, after statehood, became an elected position authorized by Article IV, Section 23, of the Texas Constitution of 1850.

Today, the Comptroller's office serves every citizen in the state. As Texas' chief tax collector, accountant, revenue estimator, treasurer and purchasing manager, the agency is responsible for writing the checks and keeping the books for the multi-billion dollar business of state government.

As the state's chief financial officer, the Comptroller's office collects taxes and fees owed the state. Most of the office's duties and powers are enumerated in the Texas Tax Code and in Chapter 403 of the Texas Government Code. As steward of the state's fiscal affairs, agencies depend on the Comptroller's office to pay their bills and issue paychecks to state employees. Legislators rely on the Comptroller to chart the course of the Texas economy, produce annual reports on the state's finances and estimate revenues coming to state government in the future. Taxpayers rely upon the agency for assistance and guidance regarding compliance with tax laws. Strict accountability in the collection and expenditure of taxpayer dollars is essential.

Senate Bill 20, as passed by the 74th Legislature, amended Chapter 404 of the Government Code to transfer

the powers and duties of the State Treasurer to the Comptroller, effective Sept. 1, 1996. On Sept. 1, 2007, House Bill 3560, as passed by the 80th Legislature, amended various chapters of the Government Code to transfer the statewide procurement, fleet management and support services duties of the Texas Building and Procurement Commission, now the Texas Facilities Commission, to the Comptroller's office. At that time, the Comptroller's office became the state's purchasing manager, awarding and managing hundreds of statewide contracts on behalf of more than 200 state agencies and 1,700 local government agencies.

The work of the Comptroller's office doesn't end there. Growing Texas' economy is vitally important to the prosperity and quality of life of all in the state. The agency provides a wide variety of assistance for business owners, local officials and individuals across Texas.

TAKING CARE OF TEXANS AND THE BUSINESS OF TEXANS

The Texas economy is on the brink of a new era. How Texans meet these challenges is important for continued growth and advancement in the years to come. By assisting communities and businesses in their efforts to create new jobs and improve the standard of living of all Texans, the Comptroller's office is committed to creating an environment in which a healthy economy can flourish.

As the state's chief tax collector, accountant, revenue estimator, treasurer and statewide purchaser, the Comptroller's office provides services to business owners, business taxpayers, local officials, Historically Underutilized Businesses (HUBs) and everyday Texans.

Business Owners and Business Taxpayers

- The Comptroller's office supports Texas business owners and offers an online Texas Business Advisor that helps entrepreneurs understand the steps involved in creating a new business.
- Texas Ahead provides a one-stop Web portal to economic resources for growing and governing Texas. The site offers targeted resources for businesses, local governments and economic development professionals, giving them vital information they need when making decisions about doing business in Texas or planning for economic growth.
- For business owners interested in doing business with Texas, the Texas Procurement and Support Services (TPASS) Division manages the state's procurement and contracting programs and services. TPASS works with state entities and more than 12,000 state vendors and awards hundreds of contracts for goods and services.
- Because business owners are busy people, the Comptroller's office is committed to making the collection and remittance of sales and other taxes as convenient and trouble-free as possible. Many of the agency's services have moved online.
- From home or office computers, business owners and taxpayers can conduct a wide array of business with the agency, from applying for a sales tax permit and filing a return to requesting franchise tax extensions and submitting required reports.
- General information about state taxes, including relevant statutes, Comptroller rules and preprinted tax-related forms can all be obtained from a desktop computer.
- Telephone assistance for each of the taxes the Comptroller's office administers is provided, and sales taxpayers can file certain reports via telephone — all of it toll-free.
- For face-to-face contact, any of the agency's field offices throughout Texas are open to visitors. Field personnel can accept tax returns and payments, assist with tax permit applications and returns, answer taxability and collection-related questions and process requests for the permits, licenses and decals the agency provides.
- Taxpayer seminars are offered at locations around the state and online to provide useful information for buyers, sellers and service providers.

Historically Underutilized Business (HUB) Owners

- The state awarded more than \$1.8 billion in contracts and more than \$700 million in subcontracting opportunities to HUB-certified companies in fiscal 2007. Certifying minority- or women-owned businesses in the agency's Statewide HUB Program provides opportunities to do business with more than 300 state entities.
- The agency is ready to do business with all minority- or women-owned companies certified as HUBs. The HUB program of the Comptroller's office always strives to exceed the Legislature's goals for HUB participation. The agency is committed to promoting equal opportunities in contract awards, working with both prime contractors and HUB subcontractors. The HUB program offers a toll-free HUB Program Information line to obtain current bid opportunities and other information.

Local Officials

- The Comptroller's office is committed to partnering with local governments by providing vital management assistance to help streamline operations, improve customer service and ensure compliance with state laws.
- The agency provides a wealth of online information for local taxing authorities, including local sales and use tax information and tax rate histories for each taxing jurisdiction; answers to frequently asked questions; and historical information on local sales and use tax and mixed beverage tax allocation payments.
- Texas EDGE (Economic Data for Growth and Expansion) is the agency's online research service for businesses and local governments to provide up-to-date data for revenue planning and analysis, economic forecasting and site location decisions.
- The Property Tax Division works to guarantee equality of school funding by maintaining the integrity of local property tax appraisals. The division conducts the state's annual Property Value Study, which is used to ensure and enforce appraisal accuracy. Seminars and presentations on the property tax are also offered for appraisal district personnel and taxing authorities.
- The Comptroller's office administers TexPool, an AAA-rated investment vehicle that provides more than 1,900 local governments across the state with a safe, efficient and liquid investment alternative.
- The Texas Cooperative Purchasing Program (CO-OP) takes the volume purchasing power of Texas — more

than \$13 billion in purchased commodities and services in fiscal 2007 — and brings it to more than 1,700 local government members. CO-OP purchasing means buyers have access to state contracts with no bidding required — just order from more than 200 state contracts. Member governments can purchase copiers, vehicles, road and highway materials and many other products for the same price as state agencies. The Comptroller's office also offers members onsite training as well as training sessions at various statewide events, conference calls, an online CO-OP manual, online Webinars and more.

- The State Energy Conservation Office (SECO) provides local governments with free energy assessments, technical support, energy management workshops and low-interest loans that are repaid by the energy savings generated by the project.

Everyday Texans

- The Comptroller's office offers the Texas College Savings Plan, which allows individuals to accumulate savings and make withdrawals for qualified educational expenses without paying federal income tax on the earnings.
- The Comptroller's free monthly newsletters provide lively, topical looks at the Texas economy and government affairs. *Fiscal Notes* provides entertaining, informative articles on trends and events affecting the state economy. *Texas Innovator* examines new breakthroughs in science, government and business. The newest publication, *Texas Rising*, covers exciting developments and ideas in the world of local economic development.
- Texans deserve to know how state funds are spent. The Comptroller's office is committed to helping state agencies provide a new level of transparency and accountability by giving Texans an inside look at state agency expenditures through the agency's Web site, "Window on State Government", at www.window.state.tx.us.
- The Open Records Division oversees nearly 600,000 written requests for information each year. Information is provided via paper copies or in various electronic formats.
- The Unclaimed Property Division is responsible for reuniting "abandoned" properties with their owners. Abandoned properties can include any type of forgotten financial asset, such as bank accounts, safe deposit box contents, insurance proceeds, utility deposits, uncashed payroll checks, cashier's checks, stocks and bonds and

more. An online database of abandoned property that can be accessed and searched 24 hours a day, seven days a week is maintained. A claim form can be generated online.

II.

ORGANIZATIONAL ASPECTS

AGENCY WORK FORCE

Goals

The Comptroller's office offers a dynamic work environment based on the concepts of innovation and inspiration. Recruiting and retaining a skilled work force to meet the overall goals and objectives of the agency, both short and long term, are critical to the agency's continued success. From innovative employees come innovative ideas to improve the way the agency and state government are run.

Objectives

During the 2010-11 biennium and beyond, the Comptroller's office will strive to maintain an optimum staffing level of 2,996.6 full time equivalents (FTEs). Contract workers will be used during peak and seasonal periods or in instances where state employees cannot be hired to provide the same level of expertise and skill needed to implement a specific function. Contract workers may also be used when the project duration is short-term and a cost-benefit analysis determines that it will be more cost effective to hire a contract worker versus an FTE. The agency will evaluate each situation independently, while ensuring compliance with staffing levels.

Strategies

Equal Employment Opportunity Program

The Comptroller's office is dedicated to an aggressive equal employment opportunity program to ensure ethnic minorities and females are utilized in proportion to their availability in the work force. Currently, minorities comprise almost 48 percent of the agency's labor force. Women comprise 57 percent of the agency's total labor force and over 43 percent of the agency's upper management positions.

The Texas Workforce Commission lists statistics for the statewide civilian work force using a series of broad job categories. **Exhibit 1** compares these statistics with Comptroller staffing patterns:

EXHIBIT 1

Statewide Employment Statistics

Job Category	African American		Hispanic American		Females	
	Comptroller	State	Comptroller	State	Comptroller	State
Officials/Administration	13.5%	6.6%	13.5%	14.2%	38.3%	37.3%
Professional	16.3 %	8.3%	25.1%	13.4%	55.2%	53.2%
Technical	8.8%	12.4%	12.4%	20.2%	47.1%	53.8%
Administrative Support	19.8%	11.2%	38.5%	24.1%	71.91%	64.7%
Skilled Craft Worker	50.0%	6.0%	50.0%	37.5%	0.0%	4.8%
Service/Maintenance	0.0%	13.8%	0.0%	40.7%	0.0%	39.0%

Sources: Uniform Statewide Payroll System and Texas Workforce Commission (TWC).

Note: TWC statistics extracted from "Equal Employment Opportunity and Minority Hiring Practices Report, January 2007."

The Comptroller's office, for most job categories, is comparable to or above the statewide work force.

Training

In accordance with the goal of developing a better-educated work force, the Comptroller's office offers programs to support employee growth and assist employees in dealing with the challenges of work, home and family. All non-supervisory employees are required to attend a minimum of 21 hours of training, while managers are required to attend at least 35 hours of training annually.

To facilitate employee training, the agency's Human Resources area continually evaluates employees' job skills to identify where training is needed. In addition, surveys of employees are periodically conducted to obtain feedback on the training offered and identify areas where training is needed.

In-house training at the cpaAcademe! Enrichment Center or attendance at workshops and conferences is coordinated to ensure that employees attain the skills needed to meet the challenges and demands of a changing workplace. The "Virtual University" enables employees to utilize online technical training from their workstations to make training even more accessible and productive. A "Software Solutions Lab" enables employees to bring actual work to the classroom and work with subject matter experts for on-the-job training and development. Annual employee or "eDay" events provide unique training opportunities that focus on personal development.

Comptroller Television (CTV) is another innovation established to provide employees with the ability to train via

an online video channel available on the Comptroller's internal Web site. Employees are able to watch training videos, press conferences, seminars and other programs from their computers. CTV essentially works like a television channel. Original shows and commercial videotapes are recorded, compressed onto the agency's Web server, and then broadcast over the system. Broadcasts can be recorded and shown again as many times as desired.

Other efforts are far-reaching, including the Texas Fiscal Officers' Academy (TFOA). This initiative, which began in 2002 in cooperation with the leadership and staff of the Governor's Office, Legislative Budget Board, the State Auditor's Office and the Employees Retirement System, was designed to meet the loss of knowledge and experience created by the retirement of the state's financial leaders. Eligible students are drawn from both large and small agencies, but each nominee must have two to five years of experience as an accountant, auditor, economist, budget officer or purchasing officer, or have been in a similar position. TFOA meets every other year – in even-numbered years when the Legislature isn't in session. The program received an award from the National Association of State Comptrollers (NASC) as an Outstanding Project in State Financial Management.

A challenging curriculum was designed based on real-life situations. The coursework focuses on the state budget process, fiscal management, accounting, reporting and auditing. While studying these areas, the academy's students learn about strategic planning, forecasting caseloads and devising performance measures and business plans. Students learn how the legislative process works and how to manage

appropriation authority and transfers. Students also learn to comply with state and federal reporting requirements. When students graduate from the academy, they return to their state agencies with expertise in a variety of areas, including federal funds, cash management, purchasing and investments.

Wellness Program

To improve the health, fitness, well-being and productivity of Comptroller employees, the Wellness Program was devised to create an environment that promotes and maintains individual fitness and health through voluntary participation in program activities. Annually, a wellness fair is held featuring leading experts on current wellness issues, demonstrations, vendors, recipes and other activities. Bimonthly *Wellness Newsletters* provide employees with tips for healthier living.

An agency Wellness Team relays information and concerns between the wellness team and employees. Team members serve as role models for fellow employees by practicing a healthy lifestyle; motivating and encouraging employees to choose a healthy lifestyle and participate in wellness team meetings and events; and contributing individual expertise by attending and participating in meetings and activities and organizing activities and events.

Additional Incentives

To further retain skilled employees, the Comptroller's office offers a Work Alternative (WALT) Program to offer flexible, compressed work week options. In addition, the Telework Program provides employees who have special needs with the flexibility to work from home. Both programs allow the agency to benefit from reduced absenteeism and leave usage, as well as higher employee morale and lower turnover.

Further incentives include bonuses for exceptional performance on special projects or other special achievements and the Employee Assistance Program, which provides employees with confidential, personal support for a wide range of issues, from everyday concerns to serious problems.

Recruitment

A strong recruitment program is essential to obtaining not only talented individuals, but also the right mix of skills for the agency. Currently, the average age of Comptroller employees is around 47 years old, with a high number eligible for retirement over the next few years. To recruit new employees, the agency participates in job fairs statewide, utilizes specific print media advertising and posts vacant

positions on Internet sites, including the Texas Workforce Commission's Work in Texas Web site.

Outsourcing

Finally, the Comptroller's office is dedicated to improving the quality of service to taxpayers. The agency evaluates its functions to determine if the functions can be done more efficiently and at a lower cost by the private sector.

ORGANIZATIONAL STRUCTURE

The Comptroller's office accomplishes its mission through various programs focused on implementing tax laws, processing tax revenue, managing the state's fiscal activity and providing services for both internal and external customers, including agency employees, state agencies, taxpayers, public officials and the general public. Within this framework, the agency is a cohesive organization dedicated to the continuous improvement of employee skills, the work environment, business practices and customer service. **Exhibit 2** identifies the basic functional areas that carry out the Comptroller's mission.

Tax Administration

The Comptroller's primary duty is to collect more than 60 separate taxes, fees and assessments, including local sales taxes on behalf of more than 1,500 cities, counties and other local governments. State taxes and fees will generate an estimated \$77.5 billion in the state's 2008-09 budget period.

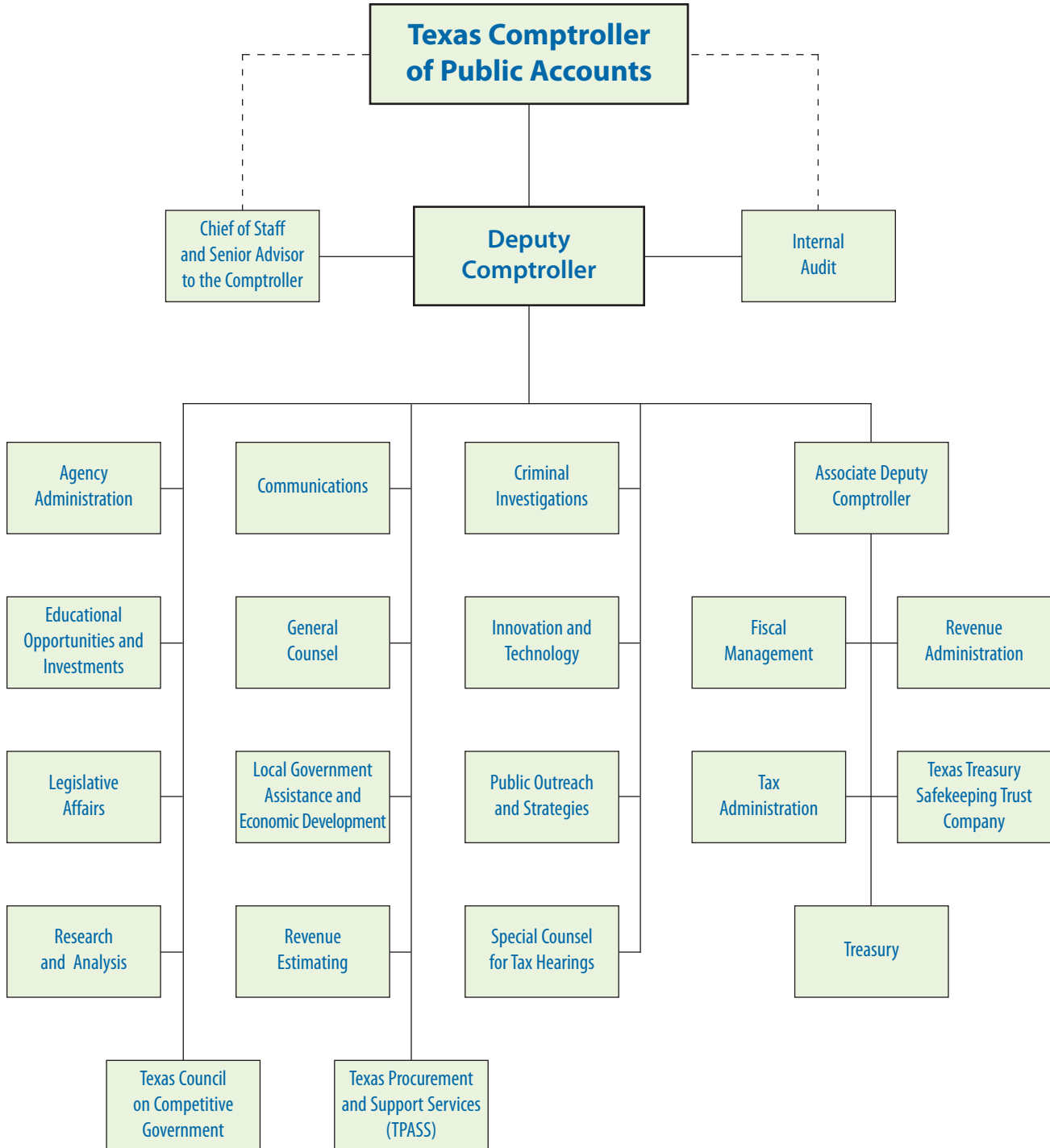
Offices are located in 25 cities throughout the state where taxpayers can conduct business with the agency. The agency also maintains four out-of-state offices to effectively audit the activities of companies doing business in Texas.

The *Tax Administration* area includes the Audit, Tax Policy and Enforcement functions. Audit reviews taxpayer records to determine compliance with state tax laws and educates taxpayers about tax requirements. Its goal is to enhance taxpayer compliance and maximize tax collections. Audit's Business Activity Research Team identifies and contacts non-permitted businesses.

In conjunction with Audit, Enforcement manages and tracks delinquent taxpayer accounts for collection. This program enforces state tax laws and promotes voluntary compliance by contacting delinquent taxpayers for payment. Case workers in four call centers, located in Austin, Dallas, Houston and San Antonio, initiate the collection process.

EXHIBIT 2

Agency Organizational Chart



Tax Policy interprets tax policy and provides timely tax information to taxpayers, tax professionals, state officials, Texas citizens and agency personnel. Specialists in Tax Policy implement changes to the tax laws, develop rules and bulletins to help taxpayers understand and comply with those laws, assist taxpayers and make tax information available in a variety of ways to promote voluntary compliance. Tax specialists also provide taxability and account assistance to the public through dedicated toll-free telephone lines.

All groups are involved in educating taxpayers. Taxpayer seminars are offered across the state throughout the year. New taxpayers are especially encouraged to attend these overviews of tax responsibilities for buyers, sellers and service providers. Seminars are also provided for organizations on request.

Fiscal Management

The *Fiscal Management* area is responsible for the accounting functions of the state. This area audits and processes vouchers, monitors the financial status of state agencies and analyzes each General Appropriations Act to determine if the funds appropriated are within the amount of revenue certified to be available.

On behalf of the State of Texas, the Comptroller's office received the seventeenth Certificate of Achievement for Excellence in Financial Reporting for the *2006 Comprehensive Annual Financial Report* (CAFR). This award, made by the Government Finance Officers Association, is presented to government units whose CAFRs achieve the highest standards in government accounting and financial reporting. The 2007 CAFR has been submitted for consideration.

Fiscal Management also administers six statewide financial systems, including the Uniform Statewide Accounting System, the Uniform Statewide Payroll System, the Human Resources Information System, the Standardized Payroll/Personnel Reporting System, the Texas Identification Number System and the State Property Accounting system. The statewide systems monitor and account for the state's revenues, expenditures and cash flow, generate payments and provide data used to forecast future revenues for the state budgetary process.

HB 3106 transferred the responsibility for enterprise resource planning (ERP) to the Comptroller's office. The bill requires the Comptroller's office to ensure that the uniform statewide accounting project includes the administration of general ledger, accounts payable, accounts receivable,

budgeting, inventory, asset management, billing, payroll, projects, grants, procurement and human resources.

An ERP study, led by Fiscal Management and Innovation and Technology (IT) staff, is exploring ways to integrate data and processes into more cohesive and standardized systems for the highest levels of efficiency. Fiscal Management and IT staff are providing subject matter expertise and administrative support to the ERP planning committee and workgroups. A report will be made to the Legislature by January 2008.

HB 3430 required the Comptroller to establish and post on the Internet a database of state expenditures. This mandate led to the Business Intelligence (BI) Tool project, which will give Comptroller staff and state agencies a single platform to access the vast amount of financial information maintained by the Comptroller's office. Fiscal Management staff assisted with the implementation of *Where the Money Goes* and *FMQuery* payroll function. *FMQuery* will eventually allow state agencies and institutions of higher education to use BI Tools to query data from USAS and SPA in addition to the payroll systems.

In developing *Where the Money Goes*, Comptroller Combs said, "Government spending is often seen as impenetrable and unknowable. Taxpayers have the absolute right to know how their money is being spent and it is only with transparency that government can be held truly accountable. We are helping citizens with an easy way to examine state expenditures in one place without needing to contact multiple agencies."

As part of the continuing effort to set new standards for transparency and accountability in state government, the Comptroller's office now provides four different ways to examine state spending. Expenditures in the online database are searchable by vendor name, expenditure category, purchasing code or agency name. With easy access to the information and numbers that make public institutions work, taxpayers can learn about their government, question decisions, root out inefficiencies and hold officials accountable for the way tax dollars are spent.

Revenue Administration

The *Revenue Administration* area, comprised of Revenue Processing, Account Maintenance, Unclaimed Property and Revenue Accounting, collects and processes state revenue and distributes local sales tax collections to cities and counties. This area is also responsible for maintaining taxpayer

accounts, processing tax payment exceptions and adjustments and administering the state's unclaimed property program. Approximately 3.6 million payments, worth around \$44.7 billion, and 4.3 million tax return documents flow through the Revenue Administration area annually.

A program called WebFile allows taxpayers to file sales tax returns, franchise tax reports and extensions, cigarette delivery sales reports and retailer inventory reports online. By making tax filing more convenient, WebFile helps taxpayers save time and money, resulting in increased tax compliance and tax revenues.

Tax filing on the Web also allows the agency to cut down on manual work, workload, paperwork and clerical errors, resulting in significant productivity and efficiency gains. Once online, a taxpayer can complete a sales tax return and the computer checks the electronic form for errors and calculates the amount of tax due. The taxpayer has two payment options: by credit card or by electronic payment via the Texas Network for Electronic Transfers, better known as TEXNET.

Senate Bill 377, passed during the 2007 legislative session, lowered the threshold for mandatory electronic payments from \$100,000 to \$10,000 for certain taxes. Taxpayers who paid a total of \$10,000 or more in a payment category during the preceding state fiscal year, Sept. 1 through Aug. 31, are required by law to electronically transmit payments to the Comptroller's office beginning May 1, 2008.

The taxes affected by this law are Sales and Use, Natural Gas, Crude Oil, Franchise, Gasoline, Diesel Fuel, Hotel Occupancy, Insurance Premium, Mixed Beverage Gross Receipts and Motor Vehicle Rental. This requirement is estimated to reduce the number of returns processed by over 1,000,000 annually. Additionally, beginning Jan. 1, 2009, all businesses who owe more than \$50,000 in other specified taxes must file their tax return electronically, further reducing the number of returns processed manually.

The Revenue Administration area is in the midst of rapid modernization, which will not impact the mission of the area, but will result in radical changes in the way that mission is accomplished. Starting with the implementation of the new franchise tax, the area will begin utilizing a new paperless workflow environment, in which all documents will be imaged upon receipt and all edit and entry functions will be performed via that image. Full migration of all taxes is scheduled within three to four years.

Treasury

The *Treasury* area, which includes Treasury Accounting, Cash and Securities Management and Banking and Electronic Processing, oversees the cash and securities management functions of the state. Responsibilities include forecasting, reconciling and depositing the state's revenues. Thousands of people, systems and institutions take part in Texas state banking. Texas issues 29 million payments a year — 16 million direct deposits and 13 million warrants. Billions of dollars move through hundreds of automated and manual processes. Transactions number in the millions, circling in and out of 400 banks and 1,200 bank accounts.

In the early days, the Treasury batched checks, called a bank about a deposit and sent the batch over for processing. There was no real order to where the checks went or when. Today, the Treasury processes each check to ensure the lowest cost and best availability of funds — at 1,000 checks a minute. In fiscal 2007, the Treasury area performed over 14,000 bank account reconciliations, processed 48,426 wire transfers totaling approximately \$864 billion, monitored depository relationships with 327 approved depositories, held approximately \$3.3 billion in securities for safekeeping and posted cash transactions to approximately 6,750 agency funds.

In addition, the Treasury, working with the Revenue Estimating and Fiscal Management areas, coordinates the sale of the state's short-term securities, known as Tax and Revenue Anticipation Notes (TRAN). Texas' TRANs have received the highest possible rating from each rating agency. For fiscal 2008, the Treasury issued \$4.9 billion in TRAN notes.

The Treasury area is also undergoing modernization. The Comptroller has placed a high priority on updating the Treasury system and plans to rewrite the entire application over the next two years using new software technology. The existing system is written in an outdated software language. This technology increases risk due to the loss of in-house systems operations knowledge and vendor system maintenance obsolescence.

Texas Procurement and Support Services (TPASS)

The *TPASS* area awards and manages hundreds of state-wide contracts on behalf of more than 200 state agencies and 1,700 local government agencies. With a massive marketplace and billions of dollars in purchasing power, Texas

offers abundant opportunities for vendors of a wide variety of goods and services, including minority- and women-owned businesses.

TPASS performs a variety of purchasing operations and customer service that is core to State of Texas purchasing--ranging from administering the Centralized Master Bidders List to processing hundreds of bid invitations, tabulations and awards for all statewide term, Texas Multiple Award Schedules, or TXMAS, and open market contracts. TPASS is also managing the agency's strategic sourcing effort to improve the state's procurement practices to maximize buying power and implement best value procurements.

Daily statewide procurement operations include:

- Administering over 200 statewide term contracts and procurement schedules representing several thousand line items of products/services;
- Providing information and customer service related to statewide purchasing processes as well as the Centralized Master Bidders List and the State of Texas Cooperative Purchasing (CO-OP) program, which provides State of Texas volume purchasing power to local governments and assistance organizations;
- Processing open market requisitions (including school buses) on behalf of 221 state agencies and over 1,700 CO-OP members;
- Conducting outreach to vendors, state agencies and local governments at state trade shows and conferences; and
- Managing the statewide purchasing system, the Electronic State Business Daily and the Purchasing Web Applications portal plus user support for these systems.

A variety of functions assist the contracting community, including processing and reviewing major contract solicitations as the lead agency on the Contract Advisory Team, processing requests for delegated purchasing authority and managing and revising the Contract Management Guide.

Other TPASS programs include:

- **Training and Certification** – The statewide training and certification program meets the training requirements and professional development needs of the state's procurement and contracting professionals. Any state employee engaged in state purchasing should receive training towards certification as a Certified Texas Purchaser or as a Certified Texas Procurement Manager.

The TPASS Training and Certification team develops curriculum, delivers training, manages a database to track the certification and recertification requirements of state contracting and procurement professionals, manages contracts for contracted training services and ensures the integrity of the certification and testing process.

- **State Credit Card, Travel and Vehicle Management** – The State Fleet Travel Management program manages the day-to-day operations and needs of the statewide credit card, travel and vehicle program, which includes statewide corporate travel and procurement cards and fuel cards for fleet vehicles; contracts for airfare, hotels and rental cars; travel agency reservation services; and oversight of the state's vehicle fleet.
- **TPASS Mail Operations** – TPASS mail operations provide state mail services contract administration; state contract development in conjunction with the Council on Competitive Government; mail equipment and service reviews and consultations, including analysis, information, tracking, specification assistance, bid evaluations, pre-bid conferences, cost-benefit analysis and related administrative duties; development and distribution of guidelines; mail operation evaluations; training; and coordination with the United States Postal Service.
- **Statewide Historically Underutilized Business Program (HUB)** – HUB staff promote and support the HUB program by providing education and outreach to minority and women-owned businesses; administering the certification and compliance functions; assisting state agencies and institutions of higher education with training, planning and implementing HUB education and outreach efforts; developing and administering HUB rules and statutes to ensure full and equal access to state procurement opportunities for minority and women-owned businesses; and compiling and reporting the state's HUB expenditures and contract awards to the Legislature semi-annually.

Revenue Estimating

The Comptroller's office is responsible for reporting the state's financial condition to the Legislature at the end of each fiscal year and providing estimates of revenue for the coming year. The *Revenue Estimating* area monitors and reports on the condition of the Texas economy, projects the state's cash flow position and produces fiscal analyses of legislation, administrative rules and other proposals affecting state revenue.

Revenue Estimating submits the *Biennial Revenue Estimate* to the Legislature in January of every odd-numbered year. Following each regular legislative session, Revenue Estimating reviews the appropriations made, as well as all other legislation affecting revenues and expenditures, to produce a second revenue estimate, known as the *Certification Revenue Estimate*.

The area produces two complementary reports for the Legislature, the Governor and other interested parties: *Sources of Revenue Growth*, which analyzes the factors behind state tax and fee revenue changes, and *Tax Exemptions and Tax Incidence*, which provides estimates of the value of each exemption, exclusion, special rate, deduction and discount available for the state's largest taxes and the school property tax. The latter report also provides an estimate of the incidence (i.e., who pays) for each of these taxes and the incidence of each major exemption available for the tax.

During legislative sessions, the Legislative Budget Board requests fiscal impact analyses, or fiscal notes, of legislation that could affect state revenues. Revenue Estimating coordinates the production and review of all state-level fiscal notes. During a typical legislative session, the area produces over 1,000 legislative fiscal notes and related estimates or analyses.

The area also assists with the *Annual Cash Report* and the *Comprehensive Annual Financial Report* and plays a key role in the state's annual sale of short-term debt securities, known as Tax and Revenue Anticipation Notes (TRAN). Revenue Estimating, working with the Treasury and Fiscal Management areas, prepares cash flow, revenue and economic projections supporting the TRAN sale, as well as tables, charts and commentary for use in the prospectus documents reviewed by the major bond rating agencies in New York. Each quarter, when the agency updates the appendices accompanying each state bond proposal, the area assists by revising the package's fiscal, economic and demographic information.

Revenue Estimating shares its analyses and products through contributions to the agency's *Fiscal Notes* newsletter, via the "Window on State Government" Web site and by responding to requests from the public via letter, telephone and email. The dissemination of analyses and information has increased the area's visibility as a key source for Texas fiscal and economic data.

Local Government Assistance and Economic Development

The *Local Government Assistance and Economic Development* area is responsible for providing assistance to local governments and school districts. Property Tax prepares the annual Property Value Study, which estimates the taxable value of all property in the state's school districts to determine funding allocations. Field appraisers inspect properties, verify the condition and description of property that sells, obtain warranty deed information from county clerks and collect sales data from multiple listing services, real estate brokers and fee appraisers. In addition, the area maintains the Property Tax Code and legal manuals and provides advice and information on property tax issues. Property Tax also administers the Permanent University Fund property taxes, the economic development refund and the tax abatement registry.

Local Government Assistance (LGA) provides education on tax issues and programs that facilitate economic development efforts at the local and state level; serves as a turn-key information center for local governments; provides education and direct assistance to local governments that allows them to operate more effectively and efficiently, with emphasis on promoting best practices and regional governance; and facilitates the exchange of information among cities, counties, economic development practitioners and special purpose districts.

LGA provides local officials with the expertise of a team of analysts who can answer questions on a wide variety of issues related to state law and financial management. Analysts stay informed on relevant state and federal laws and can update cities, counties and special districts on important tax and other legislative changes.

LGA analysts can provide answers or a source of information on topics such as:

- accounting;
- auditing;
- budgeting;
- cash management;
- investments;
- internal controls;
- purchasing procedures;
- court costs, fines, and fees;
- data sources for sales tax revenue estimates;
- local sales tax options;

- sports and community venues law;
- officials' legal duties and responsibilities; and
- local government resources available on the Internet.

In addition to answering questions and providing information sources, LGA also offers:

- presentations and regional workshops on a variety of topics, including local sales tax options, sound financial management practices and court cost fees and fines;
- informational exhibits at conferences;
- guest speakers for community roundtable discussions and workshops;
- Local Government Management Assessments (LGMAs) to help local officials improve their operational efficiency and effectiveness; and
- Control Self-Assessments designed to help local governments identify and control risks within their organizations.

LGA publishes informational brochures and manuals on a broad range of topics including:

- Sales Tax to Reduce Property Tax Rate;
- Economic Development Sales Tax;
- County Assistance District Sales Tax;
- Library District Sales Tax;
- Sports and Community Venues;
- Court Costs, Fees and Fines for Justice, County, and District Courts;
- Court Costs, Fees and Fines for Municipal Courts; and
- *Sheriff and Constables' Fee Manual*

Research and Analysis

Research and Analysis supports the agency's role as the state's revenue estimator and chief tax collector by providing local, regional and statewide analysis of trends in employment industries, population and economic activity. These trends are also considered when preparing replies to legislative requests for fiscal information and bill analysis.

The area analyzes state government expenditures and various policy issues that may have an impact on the fiscal condition of the state. Research and Analysis works closely with other areas within the agency to produce publications, presentations and reports provided to the Legislature to assist in making policy decisions.

Research and Analysis completed *The Energy Report*, which provides a basic overview of all energy resources in

Texas and describes fuel sources and the potential of those fuel sources to meet Texas energy demands. A special report, *Counting Costs and Calories*, illustrates the cost of obesity for employers in Texas, which amounted to an estimated \$3.3 billion in 2005.

Public Outreach and Strategies

Public Outreach and Strategies supports the Comptroller's role as the state's revenue estimator and chief tax collector by providing clear and accurate information to state officials, educators, students, business leaders and the general public. The area maintains the "Window on State Government" Web site; provides data to taxpayers; and maintains one of the most comprehensive research libraries in state government.

Support is also provided through production and distribution of publications, preparation of computer data requests and electronic reports, Spanish translations, verbal and telephone contacts, electronic mail and correspondence. The Comptroller's office is highly regarded as a valuable source of information about Texas state government and the Texas economy. Throughout the United States, public officials, the general public and news media rely on the Comptroller's office for a wide variety of data concerning state government activities including state tax collections and statistics on taxpaying businesses.

The most widely requested publications of the agency are *Fiscal Notes*, an award-winning publication on state economic, tax and financial matters, and *Statewise*, a publication on accounting policy information. Other publications include the award-winning *Texas Innovator*, which highlights forward-thinking technologies and strategies in Texas and elsewhere. A new newsletter, *Texas Rising*, is a monthly update filled with information, insight and analysis focused on vital economic development topics. The Comptroller's office also helps taxpayers comply with sometimes-complicated rules and procedures and stay abreast of changes. An online newsletter, the *Tax Policy News*, is available monthly to keep Texas taxpayers informed about significant Texas state tax issues.

Through the dissemination of information, best practices and ideas, the Comptroller's office strives to assist taxpayers and the people of Texas. Contributors scour a wide array of magazines, newspapers, journals and Web sites for ideas to benefit state and local governments, educators and all Texans.

General Counsel

The *General Counsel* represents the agency in administrative hearings on tax matters and provides legal counsel and research to the agency. During the hearings process, fair, accurate and consistent decisions provide taxpayers with the information they need to make responsible decisions about their tax obligations. Cases may include denials and proposed suspensions and revocations of motor-fuels permits and custom brokers' licenses, as well as taxpayers' claims for refunds and requests for redetermination of audit assessments.

The General Counsel area studies the underlying audits, refund requests or penalty and interest waiver requests, investigates and develops evidence and presents the agency's cases to the Administrative Law Judges at the State Office of Administrative Hearings (SOAH), either through oral argument or written submission. When the Comptroller's office is involved in litigation—either as a party or non-party to the suit—the area addresses litigation needs and questions, works with the Office of the Attorney General and monitors the progress of pending court cases.

The General Counsel's Open Records area serves as the agency's public information coordinator and the primary authority for public information and privacy issues. In fiscal 2007, over 10,000 requests for information were processed by Open Records.

Criminal Investigations

The *Criminal Investigations* area investigates criminal violations involving state tax money. Criminal investigators use the criminal provisions in the Texas Tax Code as well as the Texas Penal Code. In conjunction with Audit, Criminal Investigations detects, investigates and seeks prosecution of tax-related fraud. The numerous state taxes and funds administered by the Comptroller's office present Criminal Investigations with a wide area of jurisdiction. The most common criminal cases include evasion of motor vehicle taxes by falsification of motor vehicle title applications and/or failure to transfer titles on motor vehicle sales; cigarette and tobacco tax violations; motor fuels tax violations; and general sales and use tax violations.

Innovation and Technology

Innovation and Technology manages the agency's computer infrastructure, including mainframe resources, network systems, operating systems, applications and databases. The area provides the technology base and expertise to support the agency's business needs and goals. Services include

vendor contract negotiations, procurements, data security, disaster recovery and customer assistance with computer-related problems.

The area also develops and maintains major agency and statewide projects. The business intelligence and data warehousing initiatives have expanded access to statewide financial information by allowing data mining and reporting upon previously hard-to-access data. Telephone services are also being enhanced and expanded, with specific improvements targeted for the interactive voice response capability that allows taxpayers to get an automated response to inquiries or rapid redirection to the appropriate tax expert.

Over the next two years, Innovation and Technology will lead the effort to rewrite the agency's outdated Treasury system. The area is also working with Fiscal Management on the statewide Enterprise Resource Planning program, which will address the financial information and reporting needs of state agencies, while improving standardization, functionality, reporting quality, timeliness and efficiency.

In addition to technology and project services, the Innovation and Technology area manages the Business Process Improvement (BPI) initiative for the agency. BPI is an ongoing effort to ensure the agency can meet its increased demand for services while providing stellar customer service to both external and internal customers. The BPI team reviews selected agency processes to identify and develop more efficient ways to take care of daily business. By working with impacted areas, the BPI team ensures that agency processes are focused on core functions; process-based; managed from an agency-wide perspective; use technology to save time and achieve cost savings; and provide clients with one-stop shopping, allowing them to have one entry point to all of the agency's services.

Legislative Affairs

Legislative Affairs provides a variety of information services to Texas taxpayers, members of the Legislature, local government officials and business and civic leaders. The group serves as the principal point of contact for legislators and legislative staff. Legislative Affairs also prepares the agency's bill proposals, screens all filed legislation to determine agency impact and costs; assists with the preparation, distribution and tracking of agency fiscal notes; monitors the Legislature including floor debate, committee hearings, press conferences and state agency hearings during the legislative session and interim; disseminates bills and legislative

information within the agency; coordinates the agency-wide implementation of enacted legislation; compiles the *Legislative Wrap-Up* of key legislation passed during regular and special sessions; and assists the Comptroller and agency with special reports, research and analyses relating to public policy development, trends and implementation.

Internal Audit

Internal Audit, by regularly evaluating agency programs and recommending improvements, plays a key role in ensuring the reliability, effectiveness, integrity and efficiency of financial and operational information, safeguarding assets and complying with laws, regulations and contracts. Various types of audits are conducted, including financial, information system, economy and efficiency, compliance and effectiveness. Internal Audit also supports the agency Enterprise Risk Management (ERM) program, which requires agency work teams to complete a biennial risk self assessment. Internal Audit provides ERM support by providing and training risk assessment facilitators and recorders. The area also participates in special projects and coordinates all audits and requests made by the State Auditor and other external auditors.

Communications

Communications is the agency's direct link with the news media. Services include news releases, public service announcements, graphics and reports. The area also organizes media tours, news events and press conferences and seeks to broaden public access and awareness of information from the Comptroller's office. Communications assists other areas of the agency with publications and articles, including a bilingual news Web page. Monthly news graphics are provided in both Spanish and English.

Agency Administration

Agency Administration supports the day-to-day operations and needs of the agency. Administrative services provided include agency budgeting, internal accounting, business planning, training, copying, human resources, purchasing, facilities management, document processing, records management and other support services. Although a support function, Agency Administration is responsible for providing services and data critical to the agency's operations. All procurements, including those from Historically Underutilized Businesses (HUBs), are handled by Agency Administration. The area's records management program oversees the agency's records and disseminates information concerning administrative rules, state laws and agency poli-

cies and procedures relating to the management and retention of state records.

Agency Administration also produces a number of agency reports, including the *Annual Financial Report*, the *Legislative Appropriations Request*, quarterly and annual performance reports to the Legislative Budget Board and Governor's Office, HUB reports, Equal Employment Opportunity reports and the *Agency Work Force Plan*.

Special Programs

In addition to tax collection and fiscal management responsibilities, a number of special programs are managed by the Comptroller's office:

- ***Educational Opportunities and Investments*** manages the state's 529 College Savings Programs; the Texas Guaranteed Tuition Program, which is closed to new enrollment; and Texas Tomorrow Fund II, a new pre-paid tuition program.

House Bill 1214, passed by the 74th Legislature in 1995, established a prepaid higher education tuition program, the Texas Guaranteed Tuition Plan. The plan has an estimated \$1.8 billion in investments and 115,000 active contract holders. Although the plan was closed to new enrollments in 2003, continuing responsibilities include establishing plan rates, collecting payments from plan contract holders, disbursing funds to colleges and universities for tuition payments and issuing refunds in the event of plan cancellations or terminations.

Senate Bill 555, passed by the 77th Legislature in 2001, established a second plan allowing individuals to save money for qualified higher education expenses by establishing a 529 savings trust account. Investments in the fund are valued at \$224 million for approximately 27,400 accounts. There are two plans available in the college savings program, including the LoneStar 529 Plan, sold by advisors, and the Texas College Savings Plan, sold directly.

House Bill 3900, passed by the 80th Legislature in 2007, established a new prepaid tuition plan that will begin selling contracts September 1, 2008. Through the Texas Tuition Promise Fund, a person may prepay all or part of a beneficiary's college tuition and mandatory fees by purchasing tuition units that the beneficiary may apply to the payment of undergraduate tuition and fees at a particular institution.

- The ***State Energy Conservation Office (SECO)*** administers and delivers a variety of energy efficiency and

renewable energy programs that significantly impact energy cost and consumption in the institutional, industrial, transportation and residential sectors. Beneficiaries of these services include state agencies, public schools, city and county governments, institutions of higher education, private industries, electric and gas utilities and residential energy consumers.

The Texas LoanSTAR (Saving Taxes and Resources) Program, which has served as a national model for state and federal loan programs for energy efficiency retrofits, is SECO's most highly visible program. Legislatively mandated to be funded at a minimum of \$95 million, to date the program has saved Texas taxpayers over \$212 million through energy efficiency projects financed for state agencies, institutions of higher education, school districts and local governments.

The Schools/Local Government Energy Program has helped more than 3,500 schools and other units of local government set up and maintain effective energy-efficiency programs. SECO provides facility preliminary energy assessments, energy management training workshops, technical support in designing new facilities and on-site training for student energy awareness projects. Clean energy technologies are demonstrated at public facilities and school districts to increase awareness and address air quality at the community level. Texas schools also employ the computer power management software that puts monitors to "sleep" when not in use. Over 136,000 school computers now use this software, saving 42 million kWh and reducing energy costs by \$3 million annually.

The Innovative Energy Program promotes the use of renewable energy and sustainable building practices through technology demonstration, hands-on instruction and renewable energy education. SECO increases public awareness of Texas' vast renewable energy resources and provides the public better access to vendors, financing options and renewable energy incentives through its educational Web site, "The Infinite Power of Texas."

Other SECO programs include the Energy Education Program, the State Agencies/Higher Education Program, Energy Management Services, the Alternative Fuels Program, the Transportation Program, the Housing Partnership Program and the Pollution Mitigation Program.

SECO also provides technical support and guidance through the Texas Energy Partnership, a joint

initiative involving SECO, the U.S. Department of Energy and EnergyStar®. Information, planning tools and electronic reporting are offered at the Texas Energy Partnership Web site.

- The ***Texas Council on Competitive Government (CCG)*** was created by the state leadership to examine competitive alternatives to existing government processes. CCG is empowered to initiate competitive reviews, study opportunities through feasibility reviews and determine the need to apply accelerated procurement processes and establish contracts to transform the delivery of government services.

Initiatives undertaken by CCG leverage innovative practices from both the private and public sectors to achieve savings, improve capacity, speed and efficiency and increase transparency to advance a government centered on citizens.

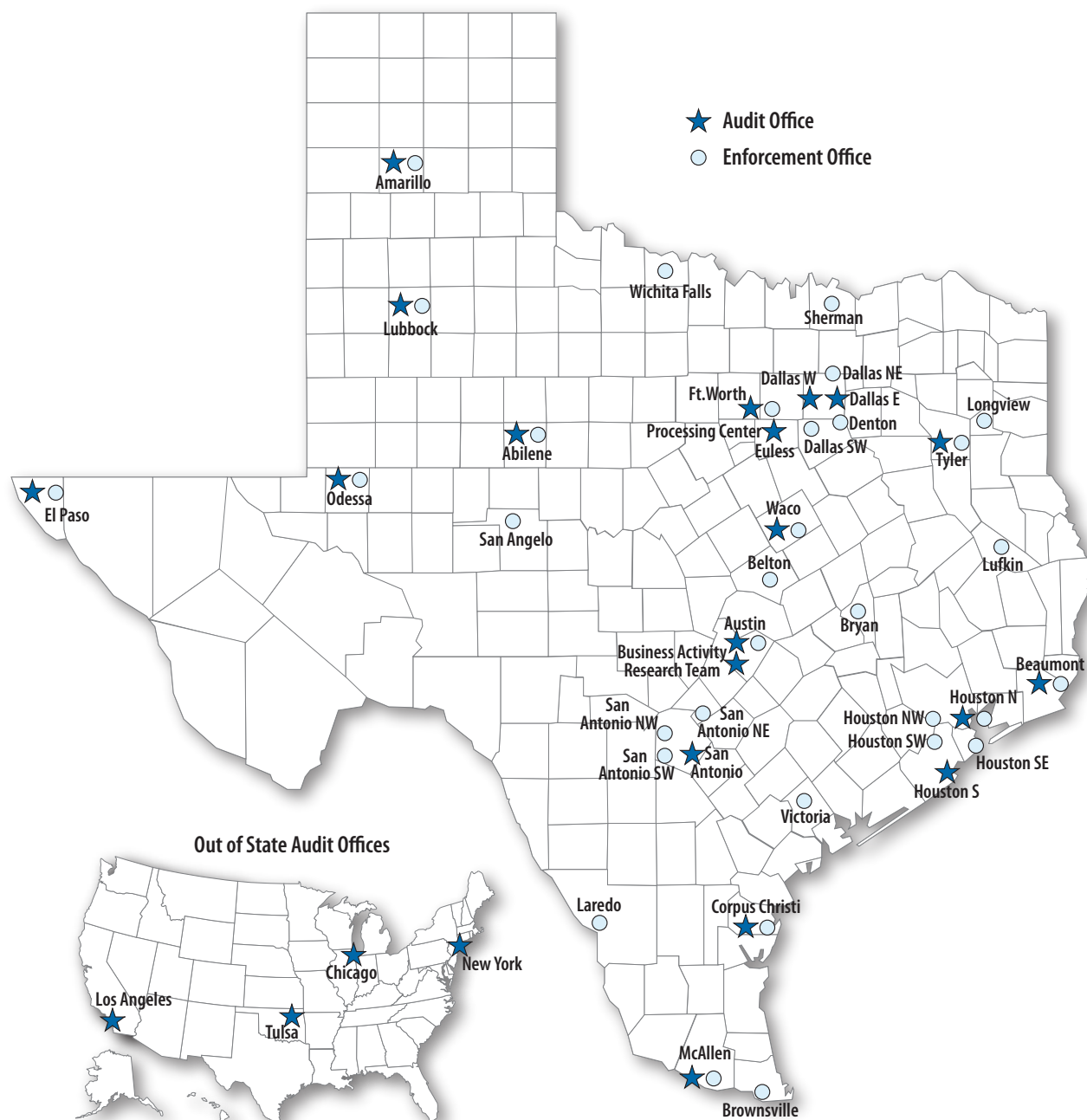
- The ***Texas Treasury Safekeeping Trust Company (TTSTC)*** is a special-purpose trust company that manages, safeguards and invests public funds and securities belonging to the State of Texas, its agencies and local political subdivisions of the state. TTSTC's status as a special-purpose trust company provides the Comptroller's office direct access to services provided by the Federal Reserve System and enables the Comptroller to achieve the highest return at the lowest cost to the state. Treasury earnings were a record \$933 million in fiscal 2007, while TexPool earnings were a record \$926 million for the same period.

GEOGRAPHIC LOCATION OF THE AGENCY

With the Texas population continuing to grow, an ongoing challenge for the Comptroller's office is to serve all customers efficiently, equitably and effectively. To meet the needs of an ever-expanding population, the Comptroller's office relies on field offices, taxpayer service offices, call centers and a processing center located in 25 Texas cities. Four out-of-state Audit offices are strategically located in New York, Los Angeles, Tulsa and Chicago. (See **Exhibit 3.**) These offices are linked electronically to the agency's main-frame and personal computer network. To ensure the best possible use of agency funds, the cost of employees, equipment, communications and office space must be considered in relation to the alternative costs of increased employee travel and related employee turnover. The potential benefits from an increased agency presence in various parts of the state and the country must also be considered.

EXHIBIT 3

Comptroller Field Offices



GEOGRAPHIC REGIONS SERVICED BY THE AGENCY

Statewide

The Comptroller's office serves all areas of the state. Audit field offices are placed strategically throughout the state and around the nation for maximum coverage in the most populated cities in Texas, where the majority of Texas taxpayers are located. Almost 700 audit staff found in Austin headquarters, 21 field offices across the state and nation, one processing center and one Business Activity Research Team (BART) conduct tax audits of businesses. On average, approximately 22 percent of the audit staff is involved in out-of-state audit activities. The processing center, located in Euless, is responsible for performing technical and procedural reviews of audits and billing taxpayers for liabilities.

Of the total sales and franchise tax accounts subject to audit in fiscal 2007, 32 percent were located in the Houston audit area, 22 percent in the Dallas-Fort Worth audit areas and 12 percent in the San Antonio and Austin audit areas. Out-of-state audit offices perform a vital role since a significant amount of tax liabilities comes from out-of-state firms. Of the \$15.9 billion reported tax dollars examined in original audits in fiscal 2007, 43 percent, or \$6.8 billion, came from businesses with headquarters outside Texas. Thirty-one percent of 9,661 original audits completed in fiscal 2007 were conducted on out-of-state businesses. To date, in fiscal 2008, out-of-state auditors have examined almost \$1.9 billion of reported tax dollars.

As the Comptroller's nexus/discovery unit, BART explores methods of increasing coverage and encouraging voluntary compliance. Many out of state companies not familiar with state laws erroneously believe they have no reporting responsibility in Texas. BART contacts these companies through various outreach efforts to inform them about Texas law and promote compliance. As the number of out of state companies contacted regarding their tax reporting responsibilities increases, voluntary disclosure requests also increase.

Companies with nexus in Texas are required to remit back taxes along with penalty and/or interest. Because BART is so active in contacting out of state companies, many businesses choose to utilize the agency's Voluntary Disclosure program before being contacted by BART. The Voluntary Disclosure program, which is also administered by the BART group, offers taxpayers a limited look back

period, with a penalty and interest waiver if certain criteria are met.

BART's Desk Revenue program is also instrumental in increasing voluntary compliance. This program focuses primarily on contacting and educating individuals and companies who may have a use tax reporting responsibility. The program provides these companies and individuals an opportunity to voluntarily remit any use tax that may be due. Companies and individuals that choose not to take advantage of this program are reviewed and pursued through the audit process.

The 79th Legislature, 3rd Called Session, 2006, passed HB 3, which revised the franchise tax by changing the tax base, lowering the rate and extending coverage to active businesses receiving state law liability protection. The bill, which became effective Jan. 1, 2008, increases the taxpayer population by more than 225,000 businesses. Audit coverage will begin in 2009.

The 80th Legislature, Regular Session, 2007, passed HB 11, which requires all tobacco, beer and wine distributors to report sales by individual location. This requirement will help in establishing a desk audit program in 2009 or 2010 to verify that convenience stores and other retail stores are reporting their taxable sales correctly.

Enforcement, charged with enforcing the state's tax laws and providing taxpayer services, maintains four regional call centers and 29 field offices, including 16 full service offices handling both collections and taxpayer service and 13 "taxpayer service only" offices. In addition, Enforcement contracts with a private collection agency to handle delinquent accounts falling below a specified tolerance, which allows field staff to concentrate on high dollar cases.

Field offices are located in 25 Texas cities. Ten offices are located in the major metropolitan areas: Austin (1), Dallas (2), El Paso (1), Fort Worth (1), Houston (2), and San Antonio (3). The remaining 19 offices are strategically located throughout the state in hub cities based on concentrations of permitted taxpayer populations. Services include:

- accepting tax returns and payments;
- answering taxability questions;
- assisting with tax permit applications and return preparation;
- distributing tax forms;

- providing taxpayer seminars primarily for new permit holders;
- conducting courthouse visits to make assistance available in remote locations; and
- representing the agency at conferences, seminars and fairs.

Though Enforcement uses technology effectively to assist in taxpayer service and collection functions, visibility throughout the state directly impacts the public's voluntary compliance with tax laws. Enforcement officers stay in close contact with taxpayers to inform them of due dates and provide appropriate tax information. The placement of offices enhances the agency's actual and perceived presence in communities and has been effective in the agency's tax compliance programs. In fiscal 2007, Enforcement collected a record \$968.9 million in delinquent taxes and issued over 68,643 sales tax permits.

Other areas that rely on field staff include Criminal Investigations and Property Tax. The Criminal Investigations area, which works closely with Audit and Enforcement, investigates various types of state tax evasion, a problem estimated to cost Texas significant tax dollars annually. Investigators, based in Houston, Dallas, San Antonio, El Paso, Abilene, Odessa, Fort Worth, Corpus Christi, Laredo, Tyler, Lubbock, Wichita Falls, Waco and Austin, handle tax evasion cases in coordination with local law enforcement and appropriate state and federal agencies.

Criminal Investigations is responsible for conducting annual on-site inspections of permitted cigarette distributors located in the state to ensure the integrity and security of the state interest in the cigarette tax area. Criminal investigators also assist Enforcement by providing security when conducting property seizures of delinquent taxpayers. This assistance lessens the need and expense of utilizing local law enforcement personnel when seizures are necessary.

The Property Tax area, responsible for determining school-funding allocations, relies mainly on field appraisers to evaluate property values in Texas counties. Field appraisers work from their homes, which places them in closer proximity to the appraisal districts they gather data from, as well as the resources they need to conduct appraisals and analyze sales. Appraisers provide coverage throughout the state, although Property Tax has the flexibility to allocate more resources to areas containing significant amounts of property wealth. Field appraisers must inspect properties when conducting appraisals, verify the condition and

description of property that sells, obtain warranty deed information from county clerks and collect sales data from multiple listing services, real estate brokers and fee appraisers. Opportunities exist for increased usage of the Internet to obtain some types of data.

All office locations are regularly reevaluated to ensure the locations meet the needs of the taxpayer base. Placing agency staff where they can make a difference is critical to promoting voluntary taxpayer compliance, delivering quality service and administering the tax laws fairly and consistently. The geographic distribution of agency operations is designed to maximize close contact with customers and taxpayers and make agency services convenient to the public. It is essential that the Comptroller's office maintain an effective presence throughout the state. An ongoing evaluation of geographic factors is invaluable to the success of the agency's programs.

Border Regions

Extremely important to the state economy and to the people of Texas are the border regions. In particular, two regions, the Texas-Mexico border (Upper Rio Grande and South Texas) and the Texas-Louisiana border (Upper East Texas and Southeast Texas), present a variety of demographic, educational, labor force and immigration-related factors that significantly impact the state. Over 200 Comptroller employees are based in these regions.

With the passage of the North American Free Trade Agreement (NAFTA) in 1994, the value of Texas exports to Mexico has increased annually, reaching \$54.9 billion in 2006 — up from \$28 billion in 1997. Mexico is Texas' number one trading partner and offers Texas businesses new markets for its consumer goods. The payoff in cross-border trade for Texas is substantial.

The Comptroller's office belongs to the Border States Caucus, an organization of state tax officials from Arizona, California, New Mexico, Oklahoma, Texas, Utah and Mexico, formed in May 1993. The caucus focuses on promoting free trade and reducing administrative barriers between the United States and Mexico through uniform and equitable laws, rules, procedures, documentation of taxable and non-taxable transactions and the exchange of information among caucus members.

Texas is also home to more colonia residents than any other state. Approximately 500,000 Texans live in 2,300 colonias along the 248-mile stretch from Cameron County

on the Gulf of Mexico to El Paso County in the west. (See **Exhibit 4.**)

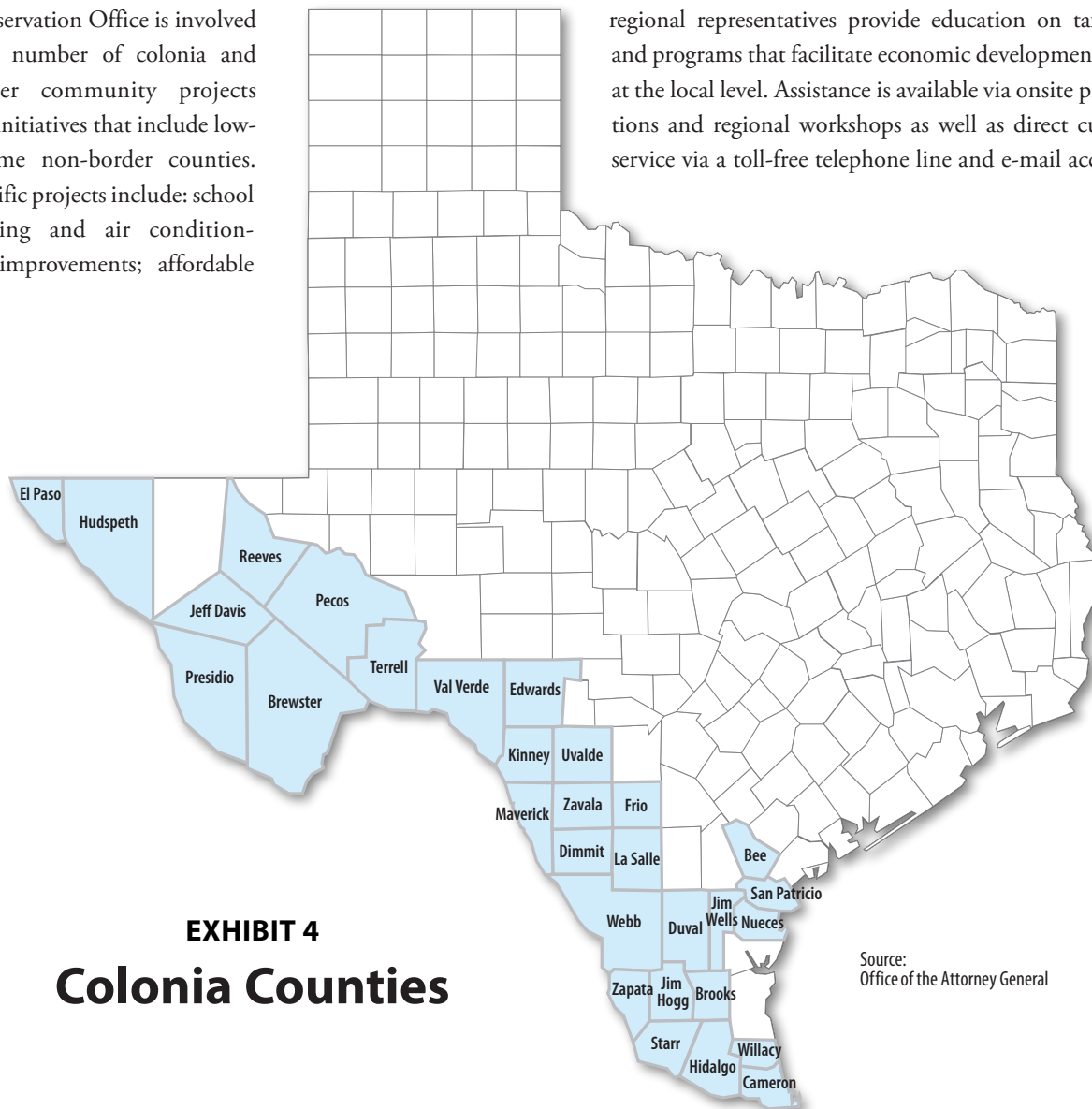
The colonias have the largest concentration of people living without basic services in the United States. Colonias exist up and down the Texas side of the border. The colonias, which means neighborhood in Spanish, originated when developers bought tracts of farm and ranch land and sold them unimproved to mostly poor, Mexican-Americans along the U.S.-Mexico border region. Most residents live without the basic services taken for granted in the rest of the United States. These unincorporated, isolated settlements often lack water and sewer systems, electricity, health facilities, paved roads and safe and sanitary housing.

The agency's State Energy Conservation Office is involved in a number of colonia and border community projects and initiatives that include low-income non-border counties. Specific projects include: school lighting and air conditioning improvements; affordable

energy star homes support; affordable housing construction and rehabilitation support; utility resource education; solar-powered water purification systems; clean energy technology and safety lighting; and renewable energy systems.

The Comptroller's office also serves the Texas-Mexico and the Texas-Louisiana border regions by publishing, and updating, regional outlook reports that provide in-depth socio-economic analyses of these regions, as well as the state and other regions. These reports ensure that economic data gets into the hands of people who can act on the data: business, government and local leaders in the regions' cities and communities.

In addition, a Local Government staff member is assigned to each region to serve as a resource. These regional representatives provide education on tax issues and programs that facilitate economic development efforts at the local level. Assistance is available via onsite presentations and regional workshops as well as direct customer service via a toll-free telephone line and e-mail account.



HUMAN RESOURCES

The Comptroller's complex and varied duties require experienced, highly skilled employees. Although over 47 percent of the agency's work force is 50 years or older (see **Exhibit 5**), statistics show that almost one-half of the work force has 10 years or less experience working in the Comptroller's office (see **Exhibit 6**), with proficiency levels ranging from minimal knowledge to working knowledge of processes.

Twenty-six percent or just over one-fourth of CPA's work force has 11-20 years of tenure with expertise ranging from working knowledge to the mastery level. Employees with 21 years or more of experience with the Comptroller's office, with expertise levels ranging from mastery to acknowledged subject matter expert, comprise 26 percent of the work force. These employees are also keepers of institutional business knowledge.

EXHIBIT 5
Age

	Number of Employees	Percent of Employees
20 – 29 years	194	7.2%
30 – 39 years	424	15.7%
40 – 49 years	797	29.6%
50 – 59 years	1,008	37.5%
60 – 69 years	262	9.7%
70 – 79 years	8	0.3%

Source: Uniform Statewide Payroll System.

EXHIBIT 6
Tenure

	Number of Employees	Percent of Employees
0 - 5 years	793	29.5%
6 - 10 years	510	18.9%
11 – 15 years	297	11.0%
16 – 20 years	394	14.6%
21 – 25 years	239	8.9%
26 – 30 years	274	10.2%
31 – 35 years	161	6.0%
36 – 40 years	21	0.8%
Over 40 years	4	0.1%

Source: Uniform Statewide Payroll System (USPS)

Employee Turnover

During the last five years, the agency's turnover rate has fluctuated. Although turnover in fiscal 2003 was 10.3 percent as compared with 12 percent in fiscal 2007, the agency experienced significant decreases in turnover in fiscal years 2004 and 2006.

Currently, the turnover rate for the agency is 5.4 percentage points lower than the average state turnover. The following graph compares the average agency turnover to that of the state over the last five years.

EXHIBIT 7
Turnover

Fiscal Year	Comptroller	State
2007	12.0%	17.4%
2006	7.5%	15.8%
2005	11.2%	16.6%
2004	8.3%	14.8%
2003	10.3%	17.4%

Sources: Uniform Statewide Payroll System and the State Auditor's Office (SAO).
Note: SAO statistics extracted from "An Annual Report on Full-Time Classified State Employee Turnover" (for respective fiscal years).

Retirement Eligibility

Data obtained from the Employees Retirement System shows projected retirements for the Comptroller's office over the next four fiscal years. (See **Exhibit 8**.) The loss of employees due to retirement is, and will continue to be, a critical issue facing the agency. The loss of institutional business knowledge and expertise in key management and senior-level professional positions coupled with normal attrition poses a critical work force dilemma for this agency as well as the state. It is important to ensure that this technical knowledge and organizational experience is not lost.

EXHIBIT 8
Projected Comptroller Retirements

Fiscal Year	Projected Retirements	Percent of Total Agency FTEs (FTE Cap = 2,996.6)
2008	119	4.0%
2009	124	4.1%
2010	119	4.0%
2011	123	4.1%

Source: Employees Retirement System.

EXHIBIT 9 Skill Levels

Skill	Current Competency Level	Projected Competency Level Within the Next 5 Years	Needed Competency Level	Gap
Auditing	4	2	4	2
Advanced Financial Analysis	3	2	4	2
Analysis	4	2	4	2
Communication	3	3	4	1
Computer Proficiency	3	2	4	2
Customer Service	4	3	4	1
Investigation	4	2	4	2
Research	4	3	4	1
Management	4	2	4	2
Problem Solving	4	2	4	2

Current = Average competency level for incumbents performing core functions

Projected = Average competency level projected for employees performing core functions within the next 5 years

Needed = Average competency level needed for future employees performing core functions

Gap = Difference in skill level between needed and projected competency levels

0 = No knowledge

1 = Minimal knowledge, familiarity with skill

2 = Working knowledge, proficiency in skill

3 = Professional level, mastery skill

4 = Acknowledged expert in skill, able to mentor and train other employees

Employee Skill Levels

After analyzing the work force information gathered from agency divisions, it is clear the primary gap that must be addressed between the agency's current work force supply and future demands is in transferring institutional business knowledge and technical expertise (mastery level). Overall, the agency work force currently has the necessary skills to do the required work. In the next five years, however, the agency could experience a shortage of required skills, particularly in management and senior level professional positions due to potential retirements and normal attrition.

- There is a potential skills imbalance "gap" between tenured/skilled employees (employees with 15+ years of service) with institutional business knowledge and technical expertise and employees with less tenure (10 years or less service). Consequently the future work force

may lack mission critical skills unless steps are taken to develop less tenured employees.

- The agency will continue its efforts to identify key positions in management and key senior-level professional positions for succession planning.
- Human Resources will continue to work with divisions on developing desired skill sets and competencies for their areas.

As part of the Work Force Planning process, Human Resources distributed a Work Force Planning Questionnaire to division management to develop a profile of current division skill levels and future workload demands. The following skills were identified as priorities for employees over the next five years. These skills were rated on a scale from one to four to determine the current proficiency level and the desired proficiency level. The results are illustrated in **Exhibit 9**.

Bridging the Gap

The Comptroller's office has always emphasized training. One of the agency's six primary goals is to:

Develop and maintain a skilled work force, committed to quality performance

In order to address any deficits between the agency's current work force and future demands, several strategic objectives have been incorporated into this work force plan. These objectives were developed based on factors identified through the agency work force analysis. The Comptroller's future work force requirements can be met through the accomplishment of two key objectives:

1. Develop a competent, well-trained work force.

Approximately 16 percent of the Comptroller's work force is projected to be eligible to retire within the next four years. The most critical issue facing the agency is the potential skills gap that will occur due to employee retirements. The agency relies heavily on a competent and knowledgeable staff, and the loss of mastery-level expertise and institutional business knowledge will have a significant impact on agency services. The training and development of current employees is critical to the success of the agency. The agency must assess existing staff to determine which employees demonstrate the potential or interest to develop new competencies and assume new or modified positions.

Action Steps

- Identify agency critical skills and competencies with input from divisions.
- Conduct an assessment of the level of risk facing the agency regarding the potential loss of knowledge, particularly in areas where loss is likely due to the imminent retirement of employees in key positions.
- Develop succession-planning and knowledge transfer strategies to ensure that institutional business knowledge and technical expertise is transferred to less tenured employees. Promote these strategies as an agency priority and include accountability measures.
- Train management staff to address skill imbalance issues. Implement accountability measures to ensure managers develop and execute appropriate strategies to successfully address skill "gaps" within their division.
- Expand and enhance training curricula and programs to include effective leadership, mentoring and con-

temporary management training skills, as well as assess and address division specific training needs.

- Create a management development program based on specific assessment criteria to create a group of potential candidates for future leadership positions. Require candidates to participate in professional management training that would include opportunities to apply and prove leadership qualities and abilities.
- Implement mentoring programs for all levels of job categories matching seasoned employees with new employees.
- Include "job shadowing," or pairing new employees with more seasoned employees, as a routine part of employees' job descriptions.
- Enhance the agency's tuition reimbursement program to encourage employees to further their education.
- Encourage employees to pursue professional certification(s) in their areas of employment when possible.

2. Attract and retain the right employees for the job

Recruiting excellent workers is the cornerstone of building a quality work force. Retaining those same employees in a competitive market remains a continuing challenge. Retention of state employees will require a partnership between state leadership and state agencies. The state must offer competitive salaries and benefits packages and allow flexibility to administer non-monetary incentives. State agencies must take responsibility to recruit quality workers, recognize excellent performance and provide development opportunities.

The Comptroller's office must provide quality training and professional development for all employees that focus on agency and division critical skills, competencies and technical requirements. Mentoring and learning opportunities such as job shadowing must be expanded to maintain institutional business knowledge and technical expertise and enhance career and professional development opportunities for employees.

Action Steps

- Identify classification job series with the highest turnover and implement more aggressive recruitment and retention strategies for these positions.

- Implement more aggressive cross-training opportunities within divisions to ensure continuity of business functions and processes.
- Enhance and expand recruiting efforts to incorporate marketing the agency as an employer of choice.
- Market career assessment resources and professional development opportunities.
- Further develop and promote agency mentoring programs.
- Develop career paths that cross division lines and market as opportunities to develop additional skills and increase advancement possibilities.
- Create programs that allow employees who are seeking new challenges to work on special projects, rotations, and/or developmental or “stretch” assignments.
- Utilize pay incentives, where appropriate, to attract and retain staff.
- Adjust salaries within assigned pay ranges for employees in positions that are either critical or key functions or have high turnover rates.
- Create formal rewards and recognition programs and activities within divisions.
- Continue to allow employees to utilize the agency’s alternative work schedule programs to the extent possible.

SUCCESSION PLANNING

The Comptroller’s office has implemented and will continue to put into practice the action steps outlined above. Strategies such as creating opportunities for employees to work on special projects, development projects or “stretch assignments,” cross-training of staff by subject-matter experts and/or retirees, job shadowing, structured on-the-job training and recognition programs have been implemented in various divisions.

Most divisions have expanded efforts to implement informal plans to transfer institutional business knowledge and subject matter expertise. The Comptroller’s office is in the process of implementing a four phase pre- and post-supervisory training program to provide growth opportunities for interested employees.

The agency is also implementing a more formalized process to capture and transfer institutional business knowledge. Human Resources staff is working with multiple divisions on knowledge transfer strategies in the short term that can then be replicated in other agency divisions over the long-term.

Staff is implementing an updated performance appraisal process based on competencies to assist management in designing effective employee development plans to ensure continuity of core business processes. The revised performance appraisal process will allow for the inventory of position competencies and skill requirements and include an employee professional development plan. This model will also include the integration of employee job descriptions, accomplishments and specific behaviors expected for each performance rating as well as manager/employee feedback.

The process is part of a formal succession-planning program to include an employee assessment and management development training plan. The process will include the ability to generate reports to assist with projecting staffing needs, identify critical and/or key positions and match employee competencies/skills with business needs. Transferring institutional business knowledge to ensure continuity of agency functions is a dynamic process and continues to be a work in progress.

CAPITAL RESOURCES

The Comptroller’s office maintains an inventory of capital assets valued at \$2.4 million. A majority of these capital assets is invested in computer hardware and related technology. These capital assets include optical scanners, direct access storage devices, mainframe printers, network and telecommunications hardware and a variety of related equipment. The balance of the capital assets is comprised of non-computer items such as office furniture, reproduction equipment and related items.

The use of computer technology has revolutionized how the agency conducts business. Numerous high profile initiatives such as WebFile; the “Window on State Government” Web site; the Web-based TEXNET; business intelligence; and wireless connectivity and communications for auditors and enforcement collectors rely on the innovative use of hardware systems to increase employee productivity and enhance the delivery of services to customers. The agency has been able to keep pace with an ever-growing and highly complex workload by investing in technology and providing employees with the tools to effectively manage and improve production.

The *Information Technology Detail (ITD)* documents all information technology expenditures related to enhanced or expanded activities and projects. The plan is submitted

to the LBB for approval biennially. The *ITD* is based on approved funding levels, agency business and technology requirements and industry technical standards. All expenditures are approved and monitored using the agency's internal accounting system to ensure compliance with internal budget and LBB and DIR reporting guidelines.

The status or performance of information technology projects is monitored through the Quality Assurance Review (QAR) process directed by the LBB. As part of this process, project managers meet with the Information Resources Steering Committee and the Project Management Office regularly to discuss the progress of their projects and to resolve pertinent issues or challenges affecting these projects. Project managers may be required by the LBB and DIR to submit a Project Development Plan in accordance with the Texas Project Delivery Framework methodology. The QAR process is an essential component of project assessment and monitoring. This process ensures that projects are on schedule, within budget and successfully completed according to specifications.

In order for the Comptroller's office to function at peak efficiency, the agency must be allowed to continue its investments in capital resources. These resources provide Comptroller staff with the essential tools to effectively perform their jobs, but more importantly, allow the agency's customers to conduct their business electronically. As technologies improve, so will the services provided to the state's citizens.

HISTORICALLY UNDERUTILIZED BUSINESSES (HUBS)

Statewide HUB Program

In accordance with the Texas Government Code, Sections 2161.181-182 and Section 111.11 of the Texas Administrative Code (TAC), state agencies shall make a good faith effort to utilize HUBs in contracts for construction, services (including professional and consulting services) and commodity procurements. The state's HUB Program, administered by the Texas Procurement and Support Services (TPASS) area of the Comptroller's office, promotes equal opportunity in the contract awards process for qualified businesses that do business with Texas state government. In fiscal 2007, Texas awarded more than \$1.8 billion in contracts – including more than \$785 million in subcontracts – to companies certified as HUBs.

The TPASS Hub Program assists companies by:

- providing education and outreach to minority and women-owned businesses regarding the statewide HUB Program and its initiatives through forums and other networking opportunities;
- administering the HUB certification and compliance functions for the statewide HUB Program;
- assisting state agencies and institutions of higher education with training, planning and implementing HUB education and outreach efforts;
- developing, administering and auditing HUB rules and statutes to ensure full and equal access to state procurement opportunities for minority and women-owned businesses; and
- compiling and reporting the state's HUB expenditures and contract awards semi-annually to the Legislature.

In addition, the program, which includes a free four-year certification, gives minority and women-owned companies the opportunity to do business with approximately 300 state entities including institutions of higher education. In order to maximize the number of certified HUBs, the statewide HUB Program actively pursues Memorandums of Agreement (MOA) with local governments and non-profit organizations in Texas who certify businesses into their program that meet state HUB certification standards. These MOAs greatly reduce the paperwork and administration burden for eligible businesses and maximize procurement opportunities.

The TPASS HUB Program has established agreements with the following entities:

- Central and South Texas Minority Business Council
- City of Houston
- Dallas/Fort Worth Minority Business Development Council
- Houston Minority Business Council
- Texas Department of Transportation
- Women's Business Council-Southwest
- Women's Business Enterprise Alliance

With a massive marketplace and purchasing power larger than many small countries, the State of Texas offers abundant opportunities for minority and women-owned businesses through the TPASS HUB program.

Comptroller's HUB Program

The Comptroller's internal HUB Program, administered by the Support Services area, works with agency Purchasers to procure products and services for agency users. HUB Program staff identifies HUBs to ensure they have an equal opportunity to bid on agency contracts and related subcontracts.

Mission Statement for the Comptroller's HUB Program

The Comptroller's mission in advocating the HUB Program is to continually work to make a good faith effort to eliminate barriers for HUBs, to purchase from HUBs and to ensure that HUB vendors are provided with the information needed to be responsive to contracting opportunities.

Goal of the Comptroller's HUB Program

Establish and carry out policies governing purchasing and all contracting that foster meaningful and substantive inclusion of HUBs.

The Comptroller's internal HUB goals are based on the results of the Texas Disparity Study, which established six statewide goals based on the availability and utilization of HUBs.

Objective of the Comptroller's HUB Program

Include HUBs in at least 57.2 percent of all agency dollars spent for special trade construction; 20 percent of all agency dollars spent for professional services; 33 percent of all agency dollars spent for other services; and 12.6 percent of all dollars spent for commodities.

HUB expenditures are reported monthly as management information statistics and goals on which to focus the agency's work. The goals for each of the categories the Comptroller's office uses are found in **Exhibit 10**. Of the six goals established, only the following apply to the Comptroller's office:

EXHIBIT 10 HUB Goals

Procurement Category	Statewide HUB Goal
Special Trade Construction Contracts	57.2 %
Professional Services Contracts	20.0 %
Other Services Contracts	33.0 %
Commodities Contracts	12.6 %

To achieve the above goals, the Comptroller's office contracts directly with HUBs or indirectly through subcontracting opportunities in accordance with Texas Government Code, Chapter 2161.252.

Strategy of the Comptroller's HUB Program

Maintain ongoing program of activities to ensure HUB vendor participation in the procurement process.

Measures of Success

Outcome Measure:

- Percent of agency dollars spent on HUBs (with subcontracting)

Output Measures:

- Number of purchase orders issued directly to HUB vendors
- Number of HUB Economic Opportunity Forums attended or co-hosted
- Number of internal agency HUB training sessions conducted
- Amount of agency dollars spent on HUBs (without subcontracting)
- Number of HUB subcontracting dollars
- Number of unique non-HUB prime contractors reporting HUB subcontracting
- Number of non-HUB prime contractors notified for HUB subcontracting
- Number of HUB outreach opportunities conducted

Good Faith Efforts to Meet HUB Goals

The Comptroller's internal HUB Program prepares and distributes information on procurement procedures to encourage participation in agency contracts by all businesses. A toll-free bid line is offered to inform interested businesses of upcoming bids. Program staff also participates in Economic Opportunity Forums (EOF), sponsored by state and local government agencies, minority/women development centers and trade organizations. Scheduled throughout the state, EOFs provide numerous opportunities to disseminate and share information about public and private sector procurement, as well as increase networking opportunities with Texas-based small, minority and women-owned businesses.

The Centralized Master Bidders List (CMBL), maintained by the statewide HUB program, is used by the internal HUB Program as the primary source for notifying businesses of procurement related activities and opportunities. The agency also posts bid information at least 14 days prior to bid opening on the *Electronic State Business Daily* for procurement opportunities expected to cost \$25,000 or more. All solicitations for consultant services for which the anticipated costs will exceed \$15,000 are advertised in the *Texas Register*, which is published once a week by the Secretary of State's office and is available at most municipal and university libraries.

All specifications for bids are reviewed to ensure they are structured into reasonable lots in keeping with industry standards and competitive bid requirements. Bond and insurance requirements are assessed and designed to reasonably permit more than one business to perform the work. Delivery schedules are reviewed and specified to make certain they are reasonable, realistic and consistent with the agency's needs. Specifications are reviewed to ensure the requirements, terms and conditions are clearly stated, reflect the agency's actual requirements and do not impose unreasonable or unnecessary contract requirements.

HUB Subcontracting Plan (HSP)

In accordance with the Texas Government Code, Chapter 2161.252, when the agency considers entering into a contract with an expected value of \$100,000 or more, HUB Program staff determines whether subcontracting opportunities are probable under the contract before soliciting bids, proposals, offers or other applicable expressions of interest. If subcontracting opportunities are probable, the agency states that probability and requires a HUB Subcontracting Plan (HSP) and supporting documentation from all respondents,

including State of Texas certified HUBs. The Comptroller's office has incorporated a short form version of the HSP in all written bids between \$25,000 and \$99,999.

The HSP sets out the facts about the HUB Program, including specific goals, and declares that prime contractors are required to assist in the effort to reach or exceed these goals. HUB Program staff requires that each prime contractor provide a completed HSP delineating the specific steps taken by the prime contractor to make a Good Faith Effort (GFE) with their bid/proposal/offer. This HSP, and its supporting documentation, must be completed and returned by the bidder(s)/respondent(s) with the bid/proposal/offer or the bid/proposal/offer will be considered non-responsive, and the bid/proposal/offer will be disqualified.

As an alternative to the GFE requirement, a respondent's participation as a mentor in a State of Texas Mentor Protégé Agreement and a commitment to use their Protégé (all Protégés must be State of Texas HUB certified) as a subcontractor to perform the subcontracting opportunity(ies) listed in its HSP may constitute a good faith effort. The objective of the Mentor Protégé Program is to provide professional guidance and support to the protégé in order to facilitate their growth and development and increase HUB contracts and subcontracts.

The agency's internal HUB Program staff works directly with the Prime Contractor to establish procedures to ensure compliance with HUB reporting requirements. Program staff asks prime contractors to identify and report dollars spent on HUB subcontractors and material suppliers with whom they work in the execution of an agency contract. By reporting subcontractor expenditures each month, prime contractors help the agency make a good faith effort to meet the goals set by the Legislature. The agency compiles and maintains monthly information relating to the agency's use of HUBs, including subcontracting information.

HUB Program Reporting and Data Analysis

As required by the Texas Administrative Code, Title 1, Part 5, Subchapter B, Section 111.16, State Agency Reporting Requirements, the Comptroller's office reports to TPASS no later than March 15th of each year the agency's HUB activity for the previous six-month period; and on September 15th of each year the agency's HUB activity for the preceding fiscal year, including the payments made for the purchase of goods and services awarded and actually paid from treasury funds.

In accordance with Texas Administrative Code, Title 1, Part 5, Chapter 111, Subchapter B, Section 111.13 (b) the agency also demonstrates good faith under this section by submitting a supplemental letter with documentation to TPASS along with the HUB Report and the legislative appropriations request identifying the progress, including, but not limited to the following, as prescribed by TPASS:

- Identifying the percentage of contracts awarded to women and/or minority-owned businesses that are not certified as HUBs;
- Demonstrating a different goal from that identified in Section 111.13 (b) of this section was appropriate given the agency's types of purchases;
- Demonstrating a different goal was appropriate given the particular qualifications required by an agency for its contracts; or
- Demonstrating assistance to non-certified HUBs in obtaining certification with TPASS.

The supplemental letter outlines the agency's good faith effort regarding procurement opportunities for HUBs. The supplemental letter also provides a comprehensive representation of the agency's efforts and addresses any unique purchasing requirements not directly reflected within the totals and percentages.

Supplemental Report Data and Electronic Payment Data

It is the intent of the Legislature that state agencies also report to TPASS the number of HUBs submitting bids and/or proposals for the purchase of goods and services and the number of contracts awarded to HUBs for the purchase of goods and services. As submitted by the agency's internal HUB Program, information contained in these reports includes:

- the total dollar amount of payments made;
- the total number of HUBs actually paid;
- the total number of contracts awarded to HUBs and non-HUBs; and
- the number of bids and/or proposals received from HUBs

Monthly HUB Reports

The agency's internal HUB Program staff uses several computer applications to monitor agency HUB purchases. These systems are used to prepare a wide range of reports, such as expenditure analyses by object code, purchasing

summaries by method detail, dollars spent on each vendor and spending by HUB ethnicity and gender over a given time period. Reports by division include the purchase order number and type of purchase, dollars spent and spending percentages. This reporting mechanism is designed to provide divisions with feedback and allow them to measure their progress toward HUB goals.

Agency HUB Strategic Plan Progress Report

In accordance with Texas Government Code, Title 10, Subtitle D, Section 2161.124, the agency's internal HUB Program prepares a report for each fiscal year documenting the progress under its plan for increasing the use of HUBs in accordance with a prescribed reporting format as developed by TPASS. The report is included in the agency's *Annual Financial Report of Non-financial Data*.

Other Special Programs and Services

- The Mentor Protégé Program: The Comptroller's internal HUB Program has implemented a Mentor Protégé Program, which promotes programs and procedures that encourage prime contractors to mentor HUB vendors, foster long-term relationships between contractors/vendors and HUBs and increase a HUB's ability to contract with the state or receive subcontracts under a state contract, primarily in providing goods and services for the agency. The policy is written in accordance with the Texas Government Code, Section 2161.065. The objective of the program is to provide the protégé professional guidance and support to facilitate development and growth. All participation is voluntary and program features remain flexible to maximize participation.
- Vendor Outreach: The Comptroller's internal HUB Program staff participates in Economic Opportunity Forums (EOFs) sponsored by state and local government agencies, business organizations, trade associations and development centers. EOFs provide numerous opportunities to educate minority and woman-owned businesses about how they can earn more business with the state. In addition, HUB vendors are invited to make marketing presentations to HUB Program staff, Purchasers and end-users to increase HUB utilization.
- Published Material: HUB brochures are published both in English and Spanish. HUB information is also posted on the "Window on State Government," which includes a list of frequently asked HUB questions, purchasing questions, purchasing contacts and links to bids posted on the *Electronic State Business Daily*.

- **Marketing Efforts:** In addition to publications, HUB recruiting advertisements are placed in minority and woman-owned newspapers to reach prospective vendors. These ads are placed in February and May of each year and publicize the goods and services most frequently purchased by the agency. Vendors are asked to call the Comptroller's toll-free bid line for more information.

Training and Education

The agency's internal HUB Program conducts training sessions on a regular and as-needed basis for all agency employees involved in the procurement process. Staff has the opportunity to learn about HUB legislation, HUB goals and overall HUB program objectives. HUB issues are on the agenda of virtually every quarterly Purchasing Liaison meeting.

KEY ORGANIZATIONAL EVENTS AND AREAS OF CHANGE

House Bill 3, passed during the 79th 3rd Called Session of the Texas Legislature, amended Texas Tax Code Chapter 171 to revise the existing franchise tax by changing the tax base, lowering the rate and extending coverage to active businesses receiving state law liability protection. The tax applies to partnerships, corporations, limited liability companies, business trusts, professional associations, business associations, joint ventures and other legal entities with statutory liability protection. Sole proprietorships, general partnerships directly owned by natural persons and passive investment partnerships are excluded.

The revised tax base is the taxable entity's margin. Margin equals the least of a taxable entity's: total revenue minus cost of goods sold; total revenue minus compensation; or total revenue times 70 percent. Entities with \$10 million or less in total revenue can choose to pay 0.575 percent of total revenue. Margin is apportioned to Texas in essentially the same manner as prescribed by current law. The tax rate is 0.5 percent for entity's primarily engaged in retail and wholesale trades as well as those businesses under Standard Industrial Classification Major Group 58 (eating and drinking establishments). The rate is one percent for all other taxable entities. Combined reporting is also required for taxable entities that are part of an affiliated group engaged in a unitary business.

The changes to the franchise tax made by HB 3 have impacted many areas of the Comptroller's office, most significantly the Tax Administration, Revenue Administration and Innovation and Technology areas. HB 3 required a significant rewrite of the agency's tax systems as well as new administrative rules and policies to administer the tax and provide guidance to all taxable entities. HB 3 added over 225,000 new franchise taxpayers, thereby increasing the number of taxpayer accounts created and maintained and the number of taxpayer correspondence and phone calls received.

III.

FISCAL ASPECTS

SIZE OF BUDGET

The Comptroller's office is one of 24 general government agencies that serve as the nucleus of Texas state government and perform the state's core business functions. For the 2008-09 biennium, the agency's \$443.1 million appropriation is the fourth largest of the general government agencies.

Organizationally, the Comptroller's office is structured around three primary goals: tax administration, statewide fiscal management and revenue administration. The Tax Administration goal comprises the largest component. Approximately \$126.1 million of the agency's annual budget is appropriated to this function, which includes the tax Audit, Enforcement, Tax Policy and General Counsel activities.

The second largest functional goal of the agency is Fiscal Management, with an annual budget of \$57.8 million. This goal is comprised of the Statewide Fiscal Services, Statewide Fiscal Integrity, Revenue Estimating, Treasury, Property Tax and the Texas Procurement and Support Services areas of the agency. Finally, with an annual budget of just over \$37.4 million, the Revenue Administration goal collects and processes state tax revenue and disburses funds to local city and county governments.

The Comptroller's appropriations request for the 2010-11 biennium is expected to remain consistent with the current biennial funding level. The agency will continue to find innovative ways to maximize services to its customers at the least cost to Texas taxpayers, while

keeping its constitutionally mandated responsibilities at optimum service levels.

METHOD OF FINANCE

Historically, the agency is funded almost exclusively by general revenue (GR) funds. In the current biennium, over 98 percent of the total appropriations are funded from general revenue. Appropriated receipts and interagency contracts comprise the balance of funds from other sources in the agency's method of finance structure. Most of these receipts are attributable to non-GR funding streams related to the new Texas Procurement and Support Services functions transferred to the agency per HB 3560. For the 2010-11 biennium, the Comptroller's office anticipates its method of finance will remain consistent with the current funding structure.

BUDGETARY LIMITATIONS

The Legislature has imposed various employment and spending limitations on state agencies. The employment cap limits the number of full-time equivalent (FTE) positions in each agency, while the out-of-state travel cap limits the expenditure of funds for that purpose. The Comptroller's office concurs with the efforts to limit the size of state government and has always adhered to all riders that impose limitations on state spending. For this reason, the Comptroller's office will not request waivers to any of the appropriation riders that limit state expenditures and will comply with all legislative caps and restrictions.

The Comptroller's office currently maintains a work force of 2,996.6 budgeted FTE positions. The employment cap will not impact or limit the agency's ability to meet its current statutory obligations over the next three years. It is anticipated that additional staff resources above current levels will not be requested for the upcoming biennium.

Over 42 percent of Comptroller employees are field personnel who routinely perform a variety of tax-related activities requiring travel. In fact, almost 90 percent of the agency's travel budget is allocated to the field divisions. Since the first limitations on travel expenditures were enacted by the Legislature, the agency has adapted to these funding restrictions by shifting its available travel resources to the field divisions. This shift has allowed the agency to meet its statutory obligations while achieving satisfactory levels of performance in its key areas. Any further reductions or limitations placed on travel in the future, however,

could have a detrimental effect on tax collections and taxpayer audits.

The Comptroller's budget is salary intensive, with over 70 percent of the agency's costs derived from salary expenditures. While the current employment cap has not directly increased staff turnover rates, it is always a challenge for the agency to compete with the private sector for experienced technical and professional personnel.

The 80th Legislature recently approved a salary upgrade for field audit staff in an effort to stem the higher than normal turnover attributable to the high demand for auditors in the private sector. As a result, auditor turnover rates have decreased and the pool of experienced auditor staff has remained more constant during the 2008 fiscal year. The agency, however, has had difficulty attracting and retaining experienced information technology staff when competing against the private sector for higher paying jobs. While the Legislature has tried to alleviate the turnover problem by restructuring the job classifications, the tremendous growth of the technology field has meant that many technical jobs with the state still pay significantly less than comparable positions in the private sector. Despite these challenges, the agency anticipates working within the confines of the employment cap in future years.

FUTURE BUDGET NEEDS

The agency has taken the necessary steps to ensure that expenditures are maintained at current funding levels. The Comptroller has stressed the need to eliminate redundant and inefficient processes and identify cost savings ideas that could lead to a more productive work environment.

The future poses many challenges and opportunities for the agency. The Internet economy and e-government will not only transform the face of state government but will ultimately lead to a simpler, smarter and faster government that is responsive to the needs of its citizens. The Comptroller's office is committed to providing access to its information and services to all Texans via the Web. Through its major technology initiatives and innovative approaches to government, the Comptroller's office will strive to improve its services at the least cost to Texas taxpayers.

IV.

SERVICE POPULATION DEMOGRAPHICS

OVERALL POPULATION GROWTH

As the state moves forward into the 21st century, four major demographic trends will continue to shape the future of the Texas work force:

- overall population growth;
- an aging population;
- growing racial and ethnic diversity; and
- variations between metropolitan and non-metropolitan areas.

Texas is one of the fastest growing states in the nation. Since 2000, the state's population has increased by 16 percent. At the same time, however, the population is becoming older, less rural and more diverse. These changes require business and community leaders to address the needs of maintaining and building an infrastructure, coping with the cost of health care and providing the educational system needed to compete in a global economy.

By July 2008, an estimated 24.3 million people will live in Texas. According to the Comptroller's Fall 2007 state forecast, Texas' population will rise by nearly 7.4 per-

cent over the next five years, to 26 million in 2013. (See **Exhibit 11.**)

New residents continue to move to Texas. Because the Texas economy is adding jobs at a faster rate than the U.S. economy, net migration to Texas has increased. In 2006, an estimated 291,000 more people moved into the state than moved out. The numbers of people will likely decrease to 151,000 in 2008 and an estimated 129,000 people in 2010, but the pattern of net migration to Texas is expected to continue.

General population growth, reflecting the state's relatively high birth rate and continued positive net migration of new residents, will drive the growth in the state's total new jobs over the next 10 years. An estimated growth of 2.2 million jobs is anticipated between 2004 and 2014. Occupations that will benefit the most from the state's expanding population include computer specialists such as network and database administrators and software engineers; primary, secondary and special education teachers and education administrators; preschool and child care workers; health care practitioners, health care support and health service managers; food service preparation workers; and paralegals and legal assistants.

EXHIBIT 11

Texas Population Projections and Components of Change: 2006 TO 2016

Year	Population	Annual Change*		Components of Change*		
		Amount	Percent	Births	Deaths	Net Migration
2006	23,517,831	530,112	2.3%	398,322	158,932	290,722
2007	23,868,710	350,879	1.5%	396,042	161,428	139,360
2008	24,253,882	385,173	1.6%	398,097	165,739	150,527
2009	24,629,517	375,634	1.5%	400,967	169,144	141,895
2010	24,995,789	366,272	1.5%	404,392	172,356	129,282
2011	25,352,959	357,169	1.4%	407,859	175,504	124,154
2012	25,704,298	351,339	1.4%	411,448	178,715	114,669
2013	26,047,623	343,325	1.3%	413,422	181,994	110,347
2014	26,388,709	341,086	1.3%	414,015	185,377	112,431
2015	26,729,946	341,237	1.3%	413,850	188,904	116,147
2016	27,070,176	340,229	1.3%	413,180	192,451	118,753

* For years from July to June

Source: Texas Comptroller of Public Accounts, Fall 2007 State Economic Forecast.

AN AGING POPULATION

The growing population of Texas has also been following a national aging trend. The state's population, like that of the U.S. as a whole, is maturing (although Texas' population remains relatively younger than the nation's). This trend is due to the aging of the large "baby-boom" generation, along with declining birth rates. As a result, the number of older working-age Texans (age 45 to 64) will grow by 11.3 percent over the next five years. In contrast, the number of young working adults (age 25 to 44) will grow by only 3.9 percent with those ages 24 and younger seeing growth of 5.1 percent. (See **Exhibit 12.**)

In addition to overall population gains, the relatively high growth of both the younger and older populations will account for large growth in certain occupations. During this period, the relatively high gains in the younger age population will drive expanding demands for elementary/secondary teachers and teacher's aides; college and university faculty; and child care workers. On the other hand, the aging of the population will be the primary factor increasing the demands for a cluster of health-care related occupations, including registered and practical nurses; personal home and health care aides; and nursing aides/orderlies.

EXHIBIT 12

Texas Population by Age Group: 2006 to 2016

Year	Age 0-4	Age 5-14	Age 15-19	Age 20-24	Age 25-44	Age 45-64	Age Over 64	Total
Number of Texans by Age Group								
2006	1,927,585	3,505,646	1,730,558	1,772,172	6,886,412	5,347,710	2,347,748	23,517,831
2007	1,946,372	3,550,085	1,741,809	1,780,359	6,931,313	5,485,640	2,433,132	23,868,710
2008	1,967,086	3,600,002	1,755,449	1,791,991	6,987,839	5,618,884	2,532,632	24,253,882
2009	1,987,209	3,648,314	1,769,668	1,804,028	7,044,474	5,739,798	2,636,025	24,629,517
2010	2,006,912	3,694,182	1,784,475	1,817,041	7,101,026	5,849,677	2,742,476	24,995,789
2011	2,026,457	3,737,761	1,799,890	1,830,684	7,156,951	5,950,300	2,850,917	25,352,959
2012	2,046,262	3,780,392	1,816,065	1,844,455	7,212,269	6,043,950	2,960,904	25,704,298
2013	2,065,780	3,821,256	1,832,635	1,858,883	7,266,509	6,130,761	3,071,800	26,047,623
2014	2,085,480	3,861,038	1,849,857	1,874,502	7,321,434	6,212,953	3,183,446	26,388,709
2015	2,105,620	3,900,189	1,867,785	1,891,322	7,377,793	6,291,932	3,295,305	26,729,946
2016	2,126,184	3,938,505	1,886,177	1,909,285	7,435,417	6,368,113	3,406,493	27,070,176
Share of Texans by Age Group								
2006	8.2%	14.9%	7.4%	7.5%	29.3%	22.7%	10.0%	100.0%
2007	8.2%	14.9%	7.3%	7.5%	29.0%	23.0%	10.2%	100.0%
2008	8.1%	14.8%	7.2%	7.4%	28.8%	23.2%	10.4%	100.0%
2009	8.1%	14.8%	7.2%	7.3%	28.6%	23.3%	10.7%	100.0%
2010	8.0%	14.8%	7.1%	7.3%	28.4%	23.4%	11.0%	100.0%
2011	8.0%	14.7%	7.1%	7.2%	28.2%	23.5%	11.2%	100.0%
2012	8.0%	14.7%	7.1%	7.2%	28.1%	23.5%	11.5%	100.0%
2013	7.9%	14.7%	7.0%	7.1%	27.9%	23.5%	11.8%	100.0%
2014	7.9%	14.6%	7.0%	7.1%	27.7%	23.5%	12.1%	100.0%
2015	7.9%	14.6%	7.0%	7.1%	27.6%	23.5%	12.3%	100.0%
2016	7.9%	14.5%	7.0%	7.1%	27.5%	23.5%	12.6%	100.0%

Source: Global Insight, Incorporated, and Texas Comptroller of Public Accounts.

GROWING ETHNIC AND RACIAL DIVERSITY

Another key is the changing racial and ethnic character of Texas. The first Texas census in 1850 counted 154,034 white Texans (72.5 percent) and 58,558 African-American Texans (27.5 percent). Although the White category included Hispanics, the Non-Hispanic White population has been Texas' majority racial and ethnic group until recently and accounts for 46.8 percent of the state's total population in 2008.

The Non-Hispanic White population is growing more slowly than other racial or ethnic groups, however, and in 2004, for the first time, Texas no longer had a majority racial or ethnic group. Between 2008 and 2013, the Non-Hispanic White population should grow by just 0.8 percent. (See **Exhibit 13.**) By contrast, the number of Texas Hispanics is expected to rise by 20.3 percent over the same time period, raising Hispanics' share of the state's total population from 37.7 percent to 41.3 percent. The African-American share of the state's population will drop slightly over the next five years, from 11.2 percent to 10.9 percent.

EXHIBIT 13

Texas Population by Race and Ethnicity: 2006 to 2016

Year	Month	Non-Hispanic White	Hispanic	Non-Hispanic Black	Non-Hispanic Other	Total Population
Number of Texans by Race and Ethnicity						
2006	July	11,276,775	8,444,318	2,635,066	931,710	23,287,869
2007	July	11,303,023	8,775,843	2,671,059	978,585	23,728,510
2008	July	11,327,165	9,116,908	2,706,984	1,027,123	24,178,180
2009	July	11,349,480	9,467,563	2,742,808	1,077,403	24,637,254
2010	July	11,369,946	9,827,743	2,778,528	1,129,429	25,105,646
2011	July	11,388,560	10,197,341	2,814,030	1,183,318	25,583,249
2012	July	11,405,446	10,576,300	2,849,246	1,239,107	26,070,099
2013	July	11,420,415	10,964,318	2,884,024	1,296,898	26,565,655
2014	July	11,433,367	11,361,201	2,918,230	1,356,728	27,069,526
2015	July	11,444,080	11,766,663	2,951,734	1,418,711	27,581,188
2016	July	11,452,456	12,180,528	2,984,454	1,482,877	28,100,315
Share of Texans by Race and Ethnicity						
2006	July	48.4%	36.3%	11.3%	4.0%	100.0%
2007	July	47.6%	37.0%	11.3%	4.1%	100.0%
2008	July	46.8%	37.7%	11.2%	4.2%	100.0%
2009	July	46.1%	38.4%	11.1%	4.4%	100.0%
2010	July	45.3%	39.1%	11.1%	4.5%	100.0%
2011	July	44.5%	39.9%	11.0%	4.6%	100.0%
2012	July	43.7%	40.6%	10.9%	4.8%	100.0%
2013	July	43.0%	41.3%	10.9%	4.9%	100.0%
2014	July	42.2%	42.0%	10.8%	5.0%	100.0%
2015	July	41.5%	42.7%	10.7%	5.1%	100.0%
2016	July	40.8%	43.3%	10.6%	5.3%	100.0%

Source: Texas State Data Center.

VARIATIONS BETWEEN METROPOLITAN AND NON-METROPOLITAN AREAS

Finally, the trend toward Texas as an urban state continues. Texans continue to be drawn to the state's metropolitan (metro) areas in search of greater economic and cultural opportunities. Economic stability spurs business investments in metro economies and further encourages the in-migration of people seeking employment, education or other opportunities. With economic expansion come higher income levels, a greater demand for goods and services and the increasing attractiveness of the metro areas.

Texas is one of the most metropolitan states in the nation. As of 2008, 87.8 percent of all Texans live in Metropolitan Statistical Areas (MSAs). (See **Exhibit 14**.) By 2013, the state's MSA population will have risen by 8.2 percent compared to non-MSA growth of just 1.4 percent. The MSA share of the state's total population will be 88.5 percent by 2013. (See **Exhibit 15**.)

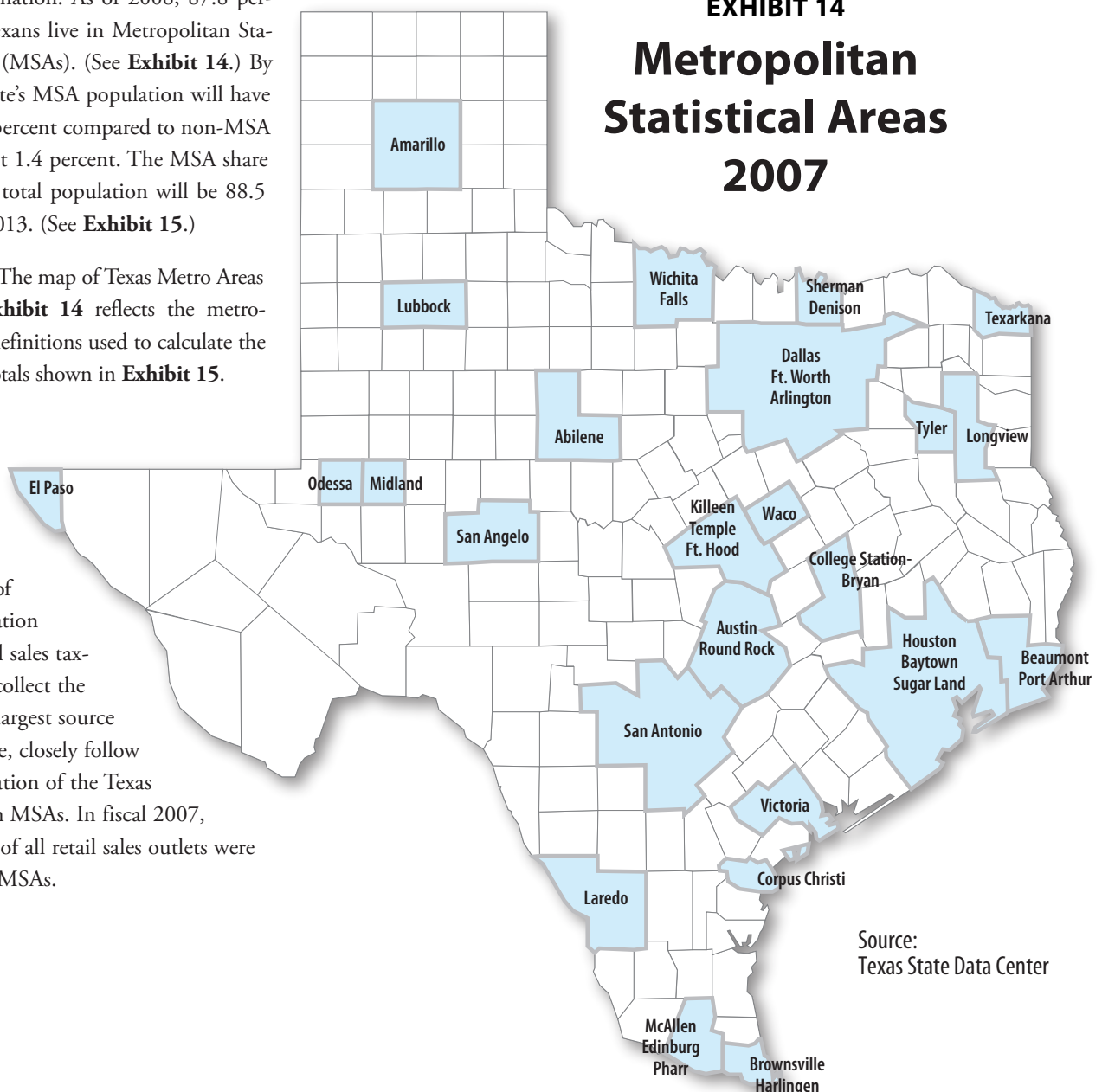
NOTE: The map of Texas Metro Areas shown in **Exhibit 14** reflects the metropolitan area definitions used to calculate the population totals shown in **Exhibit 15**.

The distribution of Texas taxpayers reflects the distribution of Texas' population overall. Retail sales taxpayers, who collect the state's single largest source of tax revenue, closely follow the concentration of the Texas population in MSAs. In fiscal 2007, 83.1 percent of all retail sales outlets were in the state's MSAs.

Technology and the Internet will be factors in bringing people and services closer together. Even though the Internet reduces proximity as a factor in the buyer-seller relationship, geography remains important for companies doing business over the Internet. They can benefit by being close to education facilities, business partners, services and even competitors.

A report by Forbes Magazine ranks Texas number four on its 2007 list of "best states for business." In addition, Kiplinger.com ranks two Texas metro areas in its top ten "best places to live, work and play." Houston placed first and Austin placed sixth on the list.

EXHIBIT 14 Metropolitan Statistical Areas 2007



Source:
Texas State Data Center

EXHIBIT 15
Texas Metropolitan Statistical Area Population Projections

MSA	2006	2007	2008	2009	2010
Abilene	159,176	158,752	158,621	158,918	158,915
Amarillo	240,970	241,475	242,320	243,836	245,259
Austin-Round Rock	1,543,600	1,599,959	1,657,868	1,709,516	1,757,282
Beaumont-Port Arthur	375,609	374,917	375,085	375,058	374,071
Brownsville-Harlingen	381,275	386,559	392,541	399,690	406,215
College Station-Bryan	201,537	202,848	204,464	205,787	206,547
Corpus Christi	414,057	412,796	412,096	412,960	414,278
Dallas-Fort Worth-Arlington	6,014,299	6,140,233	6,271,491	6,394,640	6,516,793
El Paso	727,615	732,789	742,114	759,204	777,800
Houston-Sugar Land-Baytown	5,535,077	5,621,143	5,720,924	5,812,974	5,906,944
Killeen-Temple-Fort Hood	360,302	370,057	381,027	389,422	393,738
Laredo	228,610	232,898	237,600	243,136	248,502
Longview	202,334	203,008	204,020	205,161	205,811
Lubbock	265,680	266,380	267,381	268,461	268,866
McAllen-Edinburg-Mission	693,294	710,248	728,152	746,319	764,387
Midland	124,087	126,246	128,441	129,803	130,283
Odessa	127,247	129,404	131,568	133,025	133,530
San Angelo	107,873	107,693	107,656	107,643	107,377
San Antonio	1,947,065	1,989,293	2,031,891	2,066,087	2,099,103
Sherman-Denison	117,492	118,385	119,448	120,348	120,898
Texarkana (Texas side only)	92,062	91,767	91,639	91,756	91,746
Tyler	195,662	198,378	201,454	204,041	205,828
Victoria	113,067	113,465	114,062	114,455	114,455
Waco	226,936	227,423	228,410	230,048	231,261
Wichita Falls	149,471	147,376	145,497	144,514	144,088
Total MSA	20,544,399	20,903,493	21,295,771	21,666,802	22,023,979
Share	87.4%	87.6%	87.8%	88.0%	88.1%
Total Non-MSA	2,973,432	2,965,217	2,958,111	2,962,715	2,971,810
Share	12.6%	12.4%	12.2%	12.0%	11.9%
Texas	23,517,831	23,868,710	24,253,882	24,629,517	24,995,789

Source: Global Insight, Incorporated, and Texas Comptroller of Public Accounts.

EXHIBIT 15
Texas Metropolitan Statistical Area Population Projections (continued)

MSA	2011	2012	2013	2014	2015	2016
Abilene	158,851	158,830	158,904	158,990	159,107	159,221
Amarillo	246,586	247,977	249,335	250,731	252,172	253,598
Austin-Round Rock	1,798,711	1,839,452	1,880,045	1,920,357	1,960,548	2,000,657
Beaumont-Port Arthur	372,944	371,909	370,835	369,791	368,832	367,877
Brownsville-Harlingen	412,349	418,147	423,981	429,932	436,046	442,237
College Station-Bryan	207,241	207,998	208,744	209,519	210,355	211,206
Corpus Christi	415,487	416,981	418,417	419,880	421,415	422,940
Dallas-Fort Worth-Arlington	6,639,648	6,761,983	6,883,360	7,003,654	7,123,595	7,243,239
El Paso	795,495	807,672	815,637	823,425	831,054	838,563
Houston-Sugar Land-Baytown	6,001,079	6,095,282	6,188,818	6,281,375	6,373,669	6,465,674
Killeen-Temple-Fort Hood	396,991	400,377	403,758	407,209	410,792	414,420
Laredo	253,723	258,810	263,952	269,203	274,167	278,932
Longview	206,383	207,092	207,774	208,473	209,210	209,946
Lubbock	269,160	269,624	270,051	270,494	270,985	271,466
McAllen-Edinburg-Mission	782,563	800,955	819,291	837,529	855,760	874,038
Midland	130,579	130,917	131,243	131,629	132,047	132,471
Odessa	133,821	134,155	134,477	134,862	135,279	135,702
San Angelo	107,073	106,795	106,508	106,230	105,978	105,729
San Antonio	2,132,318	2,165,036	2,196,540	2,227,712	2,258,753	2,289,695
Sherman-Denison	121,419	121,971	122,506	123,048	123,612	124,173
Texarkana (Texas side only)	91,736	91,775	91,804	91,840	91,884	91,915
Tyler	207,542	209,316	211,064	212,833	214,645	216,462
Victoria	114,412	114,397	114,370	114,352	114,360	114,369
Waco	232,382	233,580	234,745	235,934	237,162	238,383
Wichita Falls	143,708	143,370	143,023	142,694	142,404	142,118
Total MSA	22,372,200	22,714,403	23,049,182	23,381,696	23,713,830	24,045,030
Share	88.2%	88.4%	88.5%	88.6%	88.7%	88.8%
Total Non-MSA	2,980,759	2,989,895	2,998,441	3,007,013	3,016,116	3,025,146
Share	11.8%	11.6%	11.5%	11.4%	11.3%	11.2%
Texas	25,352,959	25,704,298	26,047,623	26,388,709	26,729,946	27,070,176

Source: Global Insight, Incorporated, and Texas Comptroller of Public Accounts.

V.

TECHNOLOGICAL DEVELOPMENTS

The Comptroller's office has integrated technology into all aspects of its operations. This integration – past, present, and future – has been, and will continue to be, in direct support of the goals of the agency.

Improve Voluntary Compliance

The Comptroller believes that the easier it is for taxpayers to register, file and pay taxes electronically, the higher the degree of compliance. Over the past year, the Comptroller's office has aggressively pursued the introduction of technology to allow taxpayers access to self-service options either through the Internet or over automated telephone systems.

In addition to existing sales tax applications, taxpayers now have the ability to register, pay and file additional taxes, including crude oil, natural gas and franchise, online. By the end of 2008, four additional taxes, motor vehicle rental, insurance, hotel and mixed beverage, will be accessible over the Internet. Within the next three years, a total of more than 60 taxes will be Web-enabled as part of the agency's technology modernization initiative. In addition to providing an easy method for taxpayers to pay and file, online tax processes will improve Comptroller staff efficiency and reduce the costs associated with handling a large amount of paper returns.

Today, taxes are implemented as separate Web applications, requiring the taxpayer to complete all functions for each tax within that stovepipe application. If a taxpayer is responsible for more than one type of tax (e.g., sales and franchise), they are required to log in, set up accounts and manage accounts in each application. In the future, taxpayers will have access to services across all taxes with a “one-stop shopping” vision. Access will be accomplished by taking advantage of enterprise service bus and Web portal technologies. Enterprise service bus software provides efficiencies in processing transactions and facilitates the real time update of account information. Web portals allow a taxpayer to log on once to access multiple accounts and services.

Tax statutes and rules are growing more complex, and for many taxpayers, getting answers to tax questions by using traditional sources is either cost prohibitive or it takes too much time. Taxpayers need ready access to tax information on the Internet and by telephone. This information, in the form of statutes, rulings, forms and Frequently Asked Ques-

tions is currently available online at the agency's “Window on State Government” Web site.

In the future, the Comptroller's office will provide access to an even greater database of tax information by expanding its use of Business Intelligence software. Business Intelligence helps meet the demand for timely, accurate and actionable information by laying the foundation for a flexible, scalable and efficient data warehouse to serve as a central repository of financial and operational data.

Telephone services will also be enhanced and expanded, with specific improvements targeted for the interactive voice response capability that allows taxpayers to get an automated response to inquiries or rapid re-direction to the appropriate tax expert.

Manage the State's Fiscal Affairs

Transparency in government is a top priority for the Comptroller's office. Efficiently managing the state's fiscal affairs is dependent on access to the detailed financial information of state agencies and institutions of higher education.

In the past, state agencies managed financial information and reporting independently, resulting in various data formats and types. In an attempt to provide some level of standardization, the agency developed and made available the Unified Statewide Accounting System and the Unified Statewide Personnel System. Limitations in standardization, functionality and level of detail still remain, however, hindering the ability to report on items such as expenditures, budgets and purchases. These shortfalls will be addressed over the next few years as the Comptroller's office embarks on a statewide Enterprise Resource Planning program that will attempt to address the needs of state agencies, while improving reporting quality, timeliness and efficiency.

Recently, Business Intelligence and data warehousing initiatives have expanded access to statewide financial information by allowing data mining and reporting upon previously hard-to-access data. Business Intelligence provides the ability to utilize past financial information for future estimation. Data warehousing stores frequently accessed data in a more easily retrievable format and location. The agency is expanding its in-house ability to develop and exploit these technologies.

The existing Treasury system, which processes tax revenue receipts, is written in an outdated software language.

This technology increases risk due to the loss of in-house systems operations knowledge and vendor system maintenance obsolescence. The Comptroller's office places a high priority on the replacement of the Treasury system and plans to rewrite the entire application over the next two years.

The Comptroller's office is also leading an initiative to completely upgrade the statewide procurement system. The existing system uses outdated technology and will be replaced within the next few years by a system that will make it easier for state agencies and local governments to place orders over the Internet using state contracts in order to maximize cost savings.

Manage the Receipt and Disbursement of State Tax Revenue

One of the most important functions of the Comptroller's office is to expeditiously manage the receipt and disbursement of state tax revenue. The State of Texas would not be able to serve Texans without this ability.

Although it is the agency's desire to conduct all taxpayer filing and paying transactions using automated means (Internet or telephone), many taxpayers still prefer to send paper returns through the mail. The agency has invested in technologies for the imaging and electronic capture of data from paper to allow faster processing of information and enable the more rapid receipt of revenue. For some time, the agency has had the capability to capture basic data from paper tax returns. With the implementation of the updated franchise tax, the agency is capturing data completely in electronic format. The agency will continue to add additional taxes to this enhanced imaging process.

In order to guarantee the receipt and disbursement of revenue, the Comptroller's office is engaging in an aggressive program to modernize all information technology systems. The agency will rewrite legacy software applications into more modern software languages and upgrade the equipment and environment that houses these applications.

VI.

ECONOMIC VARIABLES

Over the past twenty-five years, the Texas economy has more closely mirrored the national economy, although Texas maintains distinguishing characteristics that can cause its path to diverge from the national economy. Currently, the most notable difference is the comparative importance in

Texas' economy of the natural resources and mining industry, which is about five times more concentrated in Texas than the nation owing to the state's greater involvement in oil and gas production and services. Consequently, the Texas economy is more strongly outperforming the national economy in 2008 than usual, with over a third of the nation's net job growth from April 2007 to April 2008 happening in Texas. (See **Exhibit 16.**)

The Texas economy, as measured by gross product, will grow at a moderate rate over the next five years at an inflation-adjusted rate of 3.1 percent per year. Over this period, the state's growth rate is expected to exceed the national rate by an average of one-half of a percentage point (0.5 percent) per year. (See **Exhibit 17.**)

Net migration will continue to fuel population growth, accounting for about 630,000 of the additional 1.8 million Texans expected between fiscal 2008 and 2013, when the state's population will reach nearly 26 million. Texas' population will grow by 1.5 percent per year.

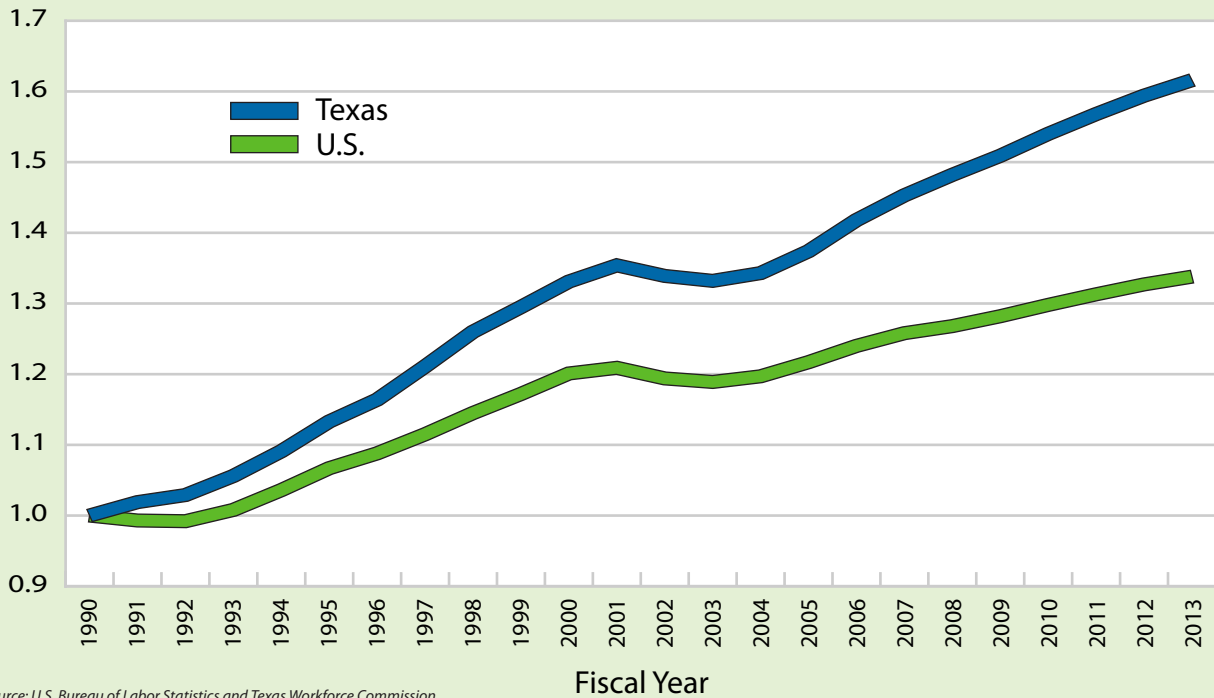
The relative health of the Texas economy will produce the job growth that underlies continued net migration to the state. From fiscal 2008 through 2013, nonfarm employment will continue its upward march, rising by about 940,000 jobs, to total nearly 11.4 million in 2013. Job growth will advance at a pace of 1.7 percent per year, below the 2.2 percent average growth rate over the past 25 years.

Service jobs will dominate job growth over the next five years, with professional and business services leading the pack, followed by education and health services. Construction will have some lean years before surging back, while natural resources and mining will give up some of its recent job gains. Manufacturing will add jobs, but manufacturing production will grow much faster, owing to productivity increases per worker and active export growth. (See **Exhibit 18.**) The value of Texas' exports is expected to increase by 7.9 percent per year, pushing exports' gross state product share from 15.6 percent in 2008 to 17.6 percent in 2013.

Key economic concerns that may affect Texas over the next five years include the role of the national economy, the increasingly important role played by exports, the direction of oil and gas prices, the increased emphasis on other energy sources, the effects of net migration and the aging of the state population.

EXHIBIT 16

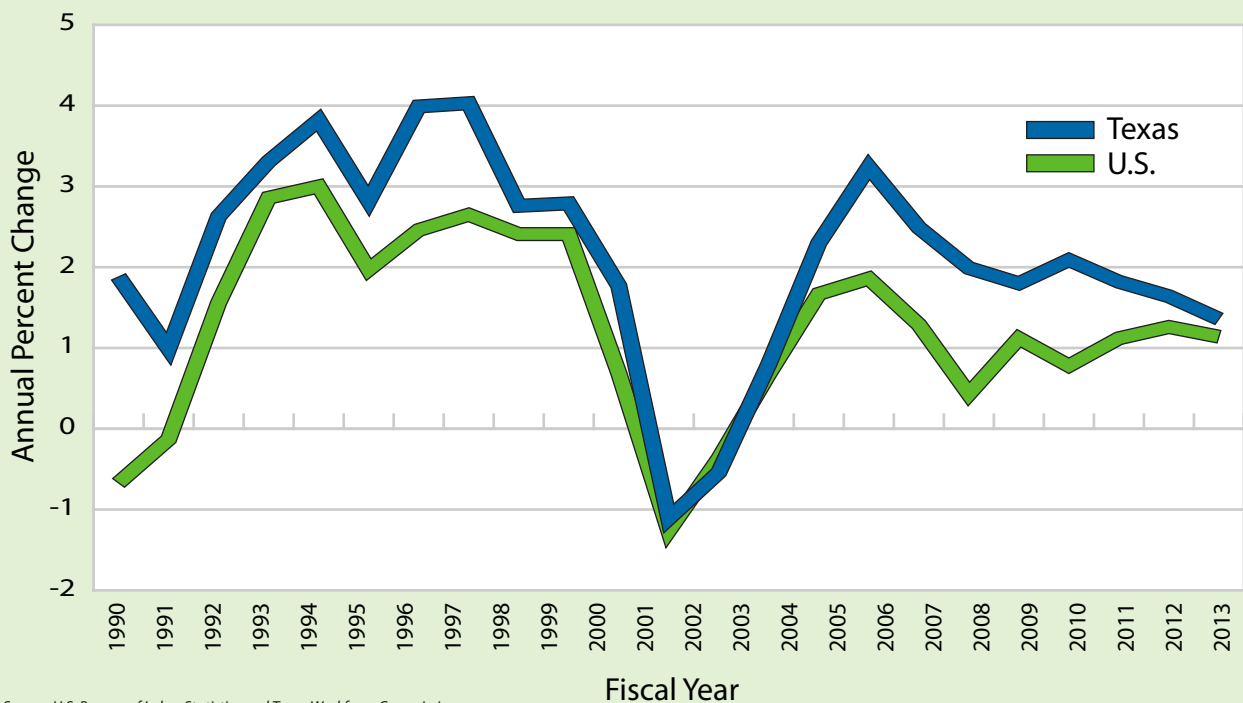
Number of Jobs for Every One Job in 1990



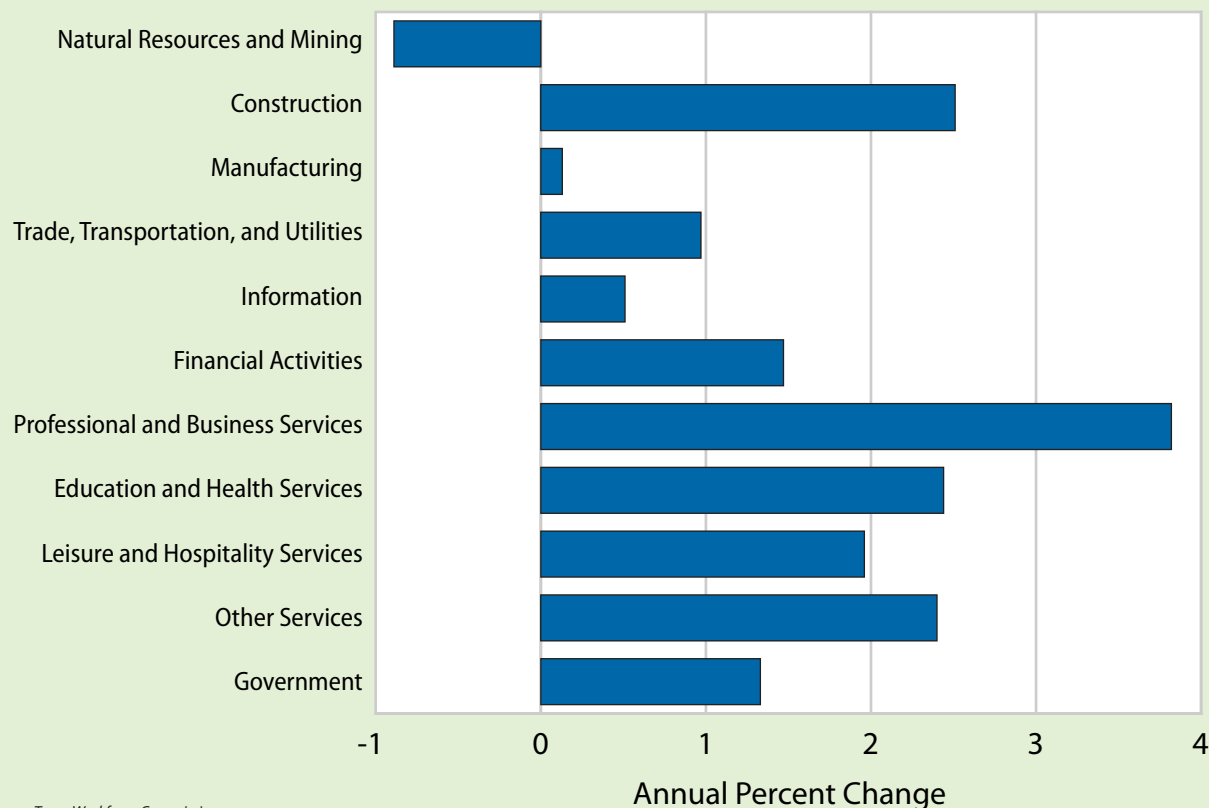
Source: U.S. Bureau of Labor Statistics and Texas Workforce Commission.

EXHIBIT 17

Texas and U.S. Nonfarm Employment Growth Annual Percent Change



Source: U.S. Bureau of Labor Statistics and Texas Workforce Commission.

EXHIBIT 18**Expected Job Growth by Industry
Fiscal 2008-2013**

Since the agency's service population includes everyone in the state, changing economic conditions are fundamental to the agency's planning in response to these changes. Business and population growth will place greater demands on the agency's limited resources, requiring the agency to actively plan for the demands of serving a growing taxpayer base and fulfilling its operational and informational functions.

Similarly, an aging work force will require effective human resource strategies to replenish the agency work force. The need for a stable work force of information technology experts is vital. With advanced computer technology, the agency should be able to leverage its personnel resources to push productivity and accommodate the growing demand for agency services. The Internet has become an essential vehicle for communicating with customers and disseminating information.

VII.**IMPACT OF FEDERAL STATUTES/
REGULATIONS**

The 110th Congress is dealing with a number of issues that may affect the Comptroller's office and Texas state government in years to come, including state taxation, accounting methods and federal spending. The following areas of current legislative interest illustrate the critical nature of these issues, which must be followed closely to monitor the potential impact on the state's tax base as well as the state's federal funding.

APPROPRIATIONS

The Comptroller's office evaluates Congressional changes to annual spending levels and how those adjustments impact state-administered federal programs including transportation, Medicaid, Medicare, education grants, child support enforcement and student loans. The agency's State

Energy Conservation Office (SECO) relies directly on State Energy Program (SEP) federal funds for program operation. SEP has faced uncertain funding levels for several years, with appropriations in recent years as high as \$49.5 million and a request currently proposed by the president's Fiscal Year 2009 budget at \$25 million. Of the total SEP appropriations, Texas receives approximately 6 percent via formula. The uncertainty of annual appropriations makes mid- and long-term planning difficult.

NEW AND EXISTING TAXES

Streamlined Sales and Use Tax

In December 2007, the Streamlined Sales and Use Tax Task Force adopted Texas-friendly amendments concerning the sourcing of sales tax collections. The Comptroller's office will work with the Texas Legislature to consider adopting Streamlined Sales Tax legislation and with Congress to ensure any federal bill in this area protects the interests of the state and its citizens.

Business Activity Tax Simplification Act

Congress is considering the Business Activity Tax Simplification Act, which would impose a federal standard addressing when a business' activities within a state are sufficient for the state to tax the activity. The proposed standard, supported by many large businesses, would reduce Texas revenues by an estimated \$200 to \$400 million annually, reducing the ability to provide the property tax relief approved by Texas lawmakers. The Multistate Tax Commission has proposed a clearer alternative that would pose a lesser threat to state revenues.

Internet Tax Freedom Act

In 2007, Congress extended the Internet Tax Freedom Act, which preempts states from imposing new taxes on charges for Internet access, until 2014. With the support of the Comptroller's office, language was inserted in the bill to "grandfather" Texas' current sales tax on such services and to ensure the state was not precluded from collecting its revised franchise tax on businesses providing such services. Without that language, Texas stood to lose an estimated \$155 million annually. Congress is expected to revisit this subject as 2014 approaches.

Cell Phone Itemization

Currently, the IRS requires employers, including state agencies for which the Comptroller's office provides payroll

and accounting services, to keep detailed records to identify and track personal use of employer-provided cell phones, which is considered taxable income. IRS reporting requires time consuming and expensive bookkeeping by the Comptroller's office.

The Modernize Our Bookkeeping in the Law for Employee's Cell Phone Act of 2008 would update the IRS policy on cell phone usage by removing cell phones from the definition of listed property and allow the employer to utilize a *de minimus* personal use policy much like policies in place for employer provided desk phones.

Three Percent Withholding Requirement

The Tax Increase Prevention and Reconciliation Act, which was signed into law in May 2006, requires Texas, by Jan. 1, 2011, to begin withholding three percent on most payments to persons providing property or services, to be applied against the vendors' federal income tax. The required changes to statewide accounting systems will require more than 60,000 hours of programming time within the Comptroller's office. This measure will shift the burden of federal tax collection to states and raise the cost of services provided to government as vendors add the cost of withholding to their prices.

The Taxpayer Assistance and Simplification Act of 2008 would delay the implementation of the law until January 1, 2012, and require the Secretary of the Treasury to prepare a detailed analysis of the problems and burdens associated with the act for the relevant Congressional committees.

Online Hotel Resellers

Online resellers of hotel rooms have disagreed with tax administrators in the Comptroller's office, in other states and in municipalities here and across the nation about the correct basis for calculating occupancy hotel taxes. The online companies maintain the taxes generally should be levied based on the wholesaler price those companies pay for rooms, while tax administrators maintain the tax should be on the full amount paid by the consumer who ultimately occupies the room. Private attorneys have filed numerous lawsuits on behalf of taxing entities seeking back taxes from the online companies. Reportedly, online hotel resellers will seek passage of federal and state laws to mandate their reading of state laws. The Comptroller's office continues to monitor this issue in the courts, in Congress and in legislatures across the country.

VIII.

OTHER LEGAL ISSUES

Legislation, court decisions, administrative hearings decisions and routine business issues requiring legal analysis and attention may present both challenges and opportunities for the agency. New legislation may affect state revenue, impact businesses and individual taxpayers, alter state services or simply allow the agency to offer improved taxpayer service.

Prior to a legislative session, staff of the General Counsel, working with Executive Administration, operating divisions and Legislative Affairs, prepares drafts of legislation on issues impacting the agency. Bills usually include items related to taxes, state finance or other programs the agency administers. Agency staff also reviews pending legislation relating to agency functions such as tax administration and state fiscal management. Upon request of the Legislature, agency staff will serve as a resource for legislators by drafting amendments, preparing alternative drafts of proposed legislation or testifying as a resource witness.

After the legislative session, agency staff usually has a significant amount of implementation work, including drafting rules, researching issues surrounding new legislative initiatives and meeting with industry representatives to develop workable methods for implementing changes in the tax laws. After the 80th Legislative Session, a total of 177 bills were assigned to the Comptroller's office for implementation, including HB 3560, which transferred statewide purchasing and related functions to the Comptroller's office. Legal support is required throughout the process.

Because the Comptroller is the state's chief tax administrator, the redetermination hearings process is a significant feature of General Counsel's duties. The Administrative Hearings Section represents the Comptroller's office in these hearings. Continuation of efforts to attract and retain highly qualified staff will be essential to ensure that the state's interests are properly represented in these cases.

Finally, interpretation of the Tax Code and administration of the state's revenue and collections also presents a challenge. In excess of 240 tax lawsuits are currently pending against the Comptroller's office. The following court cases, if lost by the state, could necessitate statutory changes or have a significant fiscal impact.

Sales Tax

GTE Southwest, Inc., v. Strayhorn, et al.; Cause No. GN501139 in the 200th Judicial District Court, Travis County

Southwestern Bell Telephone, L.P. v. Strayhorn, et al.; Cause No. GN402300 in the 201st Judicial District, Travis County

Each case presents the same basic issue. Is certain equipment used in telecommunications, specifically equipment used to process and transmit sound, exempt from sales tax under the manufacturing exemption? Both cases are awaiting trial in State District Court.

IX.

OPPORTUNITIES

In her inaugural speech, Texas Comptroller Susan Combs said, "This office is a unique state agency with a legendary reputation for outstanding service. We will preserve that reputation and build on it."

To preserve that reputation, and be the most efficient and effective agency in state government, the Comptroller's office faces many challenges. New legislation increased the taxpayer base by over 225,000, requiring more audits, more enforcement work and greater information system capacity.

Technology – and the Web in particular – has changed the expectations for customer service at all levels. As the agency competes with the private sector, customers request, and expect, easier systems and quicker response times.

The agency also faces stiff competition from the private sector for highly skilled workers. With an aging work force, the loss of institutional business knowledge and expertise due to retirement poses a dilemma for the agency and the state.

To meet these challenges, the agency must build upon and improve the efficiency of agency operations. Due to tight finances and legislative employment caps, the Comptroller's office can expect no significant increase in funding or staffing for the foreseeable future. Retirement and turnover continue to deplete the existing work force.

As a result, the agency must work:

- **Simpler:** Identify processes and technology to make employees' jobs easier.
- **Smarter:** Eliminate bottlenecks and improve efficiency.
- **Faster:** Use technology to save taxpayers time and money, with "one-stop shopping" and a single point of entry for agency services.

By working together, employees can identify and develop more efficient ways to take care of daily business as well as build upon and/or improve operational efficiency, organizational effectiveness and service levels to both the internal and external customer base. Through ongoing business process improvement efforts, the agency will enhance its ability to meet an increased demand for services and provide stellar customer service.

Over the next five years, the Comptroller's office will:

- Focus on core functions
- Be a process-based organization
- Manage processes and resources from an agency-wide perspective
- Provide clients with one-stop shopping, allowing them to have one entry point to all of the agency's services
- Use technology wherever time and cost savings can be achieved

Guided by the standards, principles and goals contained in this plan, the Comptroller's office will successfully face the challenges of the future. As Comptroller's Combs has said, "Every Texan will be welcomed. Every Texan will be treated fairly."



Agency Strategic Plan

For the Period
2009-2013

Development of Agency Goals

To accomplish its mandated functions, the Comptroller's office has developed goals that reflect its priorities and direct its efforts toward the achievement of those functions. The goals are clear statements of where the agency wants to be in the future and what it intends to accomplish. Agency goals also address issues raised in the internal planning process.

Six primary goals, three of which are non-funded, direct the agency's efforts.

FUNDED GOALS

I. Improve voluntary compliance with the tax laws.

Texas Tax Code, Titles 2 and 3.

As state government's chief tax collector, the Comptroller administers the state's tax laws through auditing, enforcement and the dissemination of tax policy information. Voluntary compliance is viewed as the cornerstone of tax administration. The state's ability to fund its many programs depends in large part on taxpayers meeting their tax responsibilities willingly.

II. Efficiently manage the state's fiscal affairs.

Texas Constitution (Art. III, Sec. 49a, 49g, 49k); Texas Local Gov't Code, Sections 112.003, 154.008; Texas Gov't Code, Chapters 41, 401, 403, 404, 406, 604, 608, 659-662, 666, 815, 825, 830, 840, 1201, 2101, 2103, 2155, 2162, 2175, 2252, and 2254; Texas Education Code, Chapter 57; Texas Election Code, Chapter 19; Texas Property Code, Chapter 74.

As Texas' chief financial officer, the Comptroller manages most of the state's fiscal affairs. The Comptroller is state government's primary accountant, responsible for writing the state's checks and monitoring all spending by state

agencies. The Comptroller is also the state's official revenue estimator, providing the Legislature with anticipated state revenue information.

Beginning on Sept. 1, 1996, the Comptroller assumed the functions of the State Treasury, including the receipt, custody and safekeeping of public moneys and the administration of unclaimed property reported to the state.

On Sept. 1, 2007, House Bill 3560, as passed by the 80th Legislature, transferred the statewide procurement, fleet management and support services duties of the Texas Building and Procurement Commission, now the Texas Facilities Commission, to the Comptroller's office.

III. Expeditiously manage the receipt and disbursement of state tax revenue.

Texas Gov't Code, Chapter 403; Texas Tax Code, Titles 2 and 3.

As the state's chief tax collector, the Comptroller is responsible for collecting more than 60 separate taxes, fees and assessments, including local sales taxes on behalf of more than 1,500 cities, counties and other local governments. This responsibility includes maintaining taxpayer accounts, processing tax payment exceptions and adjustments and paying all unclaimed property claims.

NON-FUNDED GOALS

IV. Develop and maintain a skilled work force, committed to quality performance.

(No specific statutory authorization).

The Comptroller's complex and varied duties require experienced, highly trained employees. The Comptroller's pledge is to provide useful training and educational opportu-

ilities for all staff. Extensive efforts have been made to make high-quality training available and accessible to those who need it, when they need it.

V. Maximize customer satisfaction by improving services while minimizing administrative burdens on those we serve.

(No specific statutory authorization).

The Comptroller's office serves two types of customers. The agency's external customers are the taxpayers, vendors, state agencies and government officials for whom it provides various services. The nature of the agency's relationship to its external customers is different from those in the private sector, in that most of the agency's customers are required by law to do business with the Comptroller's office. Success in improving voluntary compliance with tax laws depends in large part on the level of satisfaction external customers feel toward the agency's services.

Within the Comptroller's office, divisions support each other, thus creating internal customers. The level of service provided internally is a crucial factor in efforts to achieve the agency's goals.

VI. Establish and carry out policies governing purchasing and all contracting that foster meaningful and substantive inclusion of Historically Underutilized Businesses (HUBS).

Texas Gov't Code, Chapter 2161.

The Comptroller's HUB Program is committed to promoting equal opportunities in the contract awards process for HUBs statewide and to serving as an exemplary model for other state agencies in meeting the HUB mandate.

Agency Strategic Plan

For the Period
2009-2013

Agency Goals and Strategies

AGENCY GOAL I (BUDGETED)	IMPROVE VOLUNTARY COMPLIANCE WITH THE TAX LAWS
FIRST OBJECTIVE	Guarantee that the accuracy rate on tax amounts reported by the taxpayer does not fall below 98 percent on original audits through 2011; permit at least 2,000 non-permitted businesses operating in Texas each fiscal year through 2011; and guarantee that audits are efficiently performed with average dollars assessed to dollar cost of \$25 or higher based on historical performance.
<i>Outcome Measures</i>	<ol style="list-style-type: none"> 1. Percent accuracy rate of reported amounts on original audits 2. Number of non-permitted businesses permitted
STRATEGY	Maintain an ongoing program of audit and verification activities in support of improved tax compliance.
<i>Output Measures</i>	<ol style="list-style-type: none"> 1. Number of audits and verifications conducted 2. Number of non-permitted taxpayers contacted through correspondence 3. Number of hours spent on completed refund verifications
<i>Efficiency Measure</i>	<ol style="list-style-type: none"> 1. Average dollars assessed to dollar cost
<i>Explanatory/Input Measure</i>	<ol style="list-style-type: none"> 1. Percent of audit coverage
SECOND OBJECTIVE	Average 305 delinquent account closures per Enforcement Collector; average a 116 day turnaround time for closing delinquent accounts; and obtain 95 percent positive survey responses from attendees at taxpayer seminars.
<i>Outcome Measures</i>	<ol style="list-style-type: none"> 1. Average turnaround time for delinquent accounts (days) 2. Average monthly delinquent account closure rate per Enforcement Collector 3. Percent of positive surveys received from attendees at taxpayer seminars
STRATEGY	Improve voluntary compliance with the tax laws by maximizing the efficiency of the delinquent taxpayer contact and collection program.
<i>Output Measures</i>	<ol style="list-style-type: none"> 1. Number of field office service area evaluations conducted 2. Average taxpayer contacts by a call center collector per phone hour 3. Number of taxpayer seminars conducted

<i>Efficiency Measure</i>	1. Delinquent taxes collected per collection-related dollar expended
<i>Explanatory/Input Measures</i>	1. Minimum percent of field collector time in the field 2. Total delinquent dollars collected (in millions)
THIRD OBJECTIVE	Obtain a 96 percent favorable rating from taxpayers concerning the speed and accuracy of information disseminated.
<i>Outcome Measure</i>	1. Percent of favorable responses obtained to quality control surveys sent to taxpayers concerning speed and accuracy of information disseminated
STRATEGY	Provide accurate and timely tax information to taxpayers, tax professionals, state officials, and the citizens of Texas.
<i>Output Measures</i>	1. Number of calls handled by Tax Assistance Specialists 2. Total number of responses issued by the Tax Policy and Tax Policy Support areas
<i>Efficiency Measures</i>	1. Average time taken (in work days) to respond to correspondence assigned to the Tax Policy and Tax Policy Support areas 2. Average number of calls handled per Tax Assistance Telephone Specialists per work day 3. Percent of responses issued by the Tax Policy and Tax Policy Support areas within 7 working days
<i>Explanatory/Input Measures</i>	1. Average overall monitoring score for Tax Assistance Telephone Specialists 2. Number of taxpayers participating in Independent Audit Reviews
FOURTH OBJECTIVE	Issue position letters in 85 percent of all cases within 90 days of receipt of the file in the Administrative Hearings Section.
<i>Outcome Measure</i>	1. Percentage of all cases in which position letters are issued within 90 days of receipt of the file in the Administrative Hearings Section
STRATEGY	Provide fair and timely hearings, represent the agency in administrative hearings on tax matters, and provide legal counsel and research to the agency.
<i>Output Measure</i>	1. Number of position letters issued
<i>Efficiency Measure</i>	1. Average length of time (work days) taken to issue a position letter for all cases received by the Administrative Hearings Section
<i>Explanatory/Input Measure</i>	1. Number of new requests for hearings received in Administrative Hearings Section

AGENCY GOAL II (BUDGETED) EFFICIENTLY MANAGE THE STATE'S FISCAL AFFAIRS	
FIRST OBJECTIVE	<p>Reduce the average percent variance between estimated and actual total revenue collections by 5 percent or more in each biennium; guarantee that 100 percent of proposed state expenditures are entirely supported by a valid revenue estimate before certification of the General Appropriations Bill; obtain an overall Fiscal Management Division customer service rating of good or excellent on 98 percent of returned surveys; and increase volume of direct deposit of payments issued each fiscal year.</p>
<i>Outcome Measures</i>	<ol style="list-style-type: none"> 1. Percent of targeted state agencies with improved performance 2. Percentage of proposed state expenditures guaranteed to be entirely supported by a valid revenue estimate before certification of the General Appropriations Bill for the next biennium 3. Percentage of Fiscal Management Division customers who return an overall customer service rating of good or excellent on the Fiscal Management Customer Service Survey 4. Average percent variance (plus or minus) between estimated and actual total revenue collections 5. Percent of all payments issued via direct deposit (excluding Warrant Express System [WES] child support payments)
STRATEGY	Project, account, audit and report the state's receipts, claims and disbursements efficiently, accurately and timely; provide assistance and training to state agencies.
<i>Output Measures</i>	<ol style="list-style-type: none"> 1. Number of financial reports published by their statutory deadlines 2. Number of Texas Economic Update reports published each fiscal year 3. Total number of payments (excluding WES Child Support Payments) issued 4. Number of post-payment audit reviews completed
<i>Efficiency Measure</i>	<ol style="list-style-type: none"> 1. Percent of ad hoc report requests responded to within 10 working days in compliance with the Texas Public Information Act
<i>Explanatory/Input Measures</i>	<ol style="list-style-type: none"> 1. Percent of payroll and retirement payments issued via direct deposit 2. Percent of bill payments issued via direct deposit 3. Number of WES Child Support Payments Issued
SECOND OBJECTIVE	<p>Improve the effectiveness of the property value study by obtaining at least a 95 percent level of targeted Independent School Districts' (ISDs) total statewide value in which Property Tax Division (PTD) met the target margin of error.</p>
<i>Outcome Measure</i>	<ol style="list-style-type: none"> 1. Percentage of target Independent School Districts' total statewide value in which PTD met the target margin of error
STRATEGY	Fulfill tax code and education code mandates by conducting an annual property value study; providing technical assistance; and reviewing appraisal methods, standards, and procedures.
<i>Output Measures</i>	<ol style="list-style-type: none"> 1. Number of properties included in the Property Value Study 2. Number of publications produced 3. Number of technical assistance responses provided

<i>Efficiency Measure</i>	1. Average direct cost per property included in the Property Value Study
<i>Explanatory/Input Measures</i>	1. Percentage of Independent School District reports of property value produced electronically from central appraisal district (CAD) appraisal roll data
THIRD OBJECTIVE	Serve the citizens, taxpayers and local entities of Texas by providing financial information and assistance that will promote understanding of current fiscal issues and problems and facilitate efficient and effective operations and services.
<i>Outcome Measure</i>	1. Percent increase in the number of online subscribers to fiscal research and tax publications
STRATEGY	Provide the public and private sectors with reliable information, resources, and analysis to ensure the most effective and efficient use of taxpayer dollars.
<i>Output Measures</i>	1. Number of data requests completed 2. Number of responses provided to local government requests for assistance and information 3. Number of local government presentations and regional workshops provided
<i>Explanatory/Input Measures</i>	1. Number of requests for local government and information received
FORTH OBJECTIVE	Maximize the efficiency of managing state revenue by processing at least 98 percent of monies electronically.
<i>Outcome Measure</i>	1. Percentage of funds processed electronically
STRATEGY	Ensure that the state's assets, cash receipts and warrants are properly secured, processed, deposited, and accounted for.
<i>Output Measures</i>	1. Number of rapid deposit transactions processed 2. Number of checks deposited 3. Number of warrants processed 4. Number of state depository bank account reconciliations performed
<i>Explanatory/Input Measures</i>	1. Average daily amount of securities and assets safekept (billions)
FIFTH OBJECTIVE	To manage a statewide procurement system that ensures that the state receives quality, cost-effective goods and services by maximizing competition, facilitating business opportunities for Historically Underutilized Businesses, achieving 100 percent utilization of statewide term contracts each fiscal year and providing support services to state agencies in a timely, cost-effective manner.
<i>Outcome Measures</i>	1. Number of new HUBs certified 2. Percent increase in dollar value of purchases made through term contracts for the CO-OP Program members 3. Percent of statewide term contracts utilized 4. Presort and barcode savings achieved

<p>STRATEGY</p> <p><i>Output Measures</i></p> <p><i>Efficiency Measure</i></p> <p><i>Explanatory/Input Measures</i></p>	<p>To provide statewide procurement and support services to state agencies and cooperative entities that ensure the receipt of quality, cost-effective goods and services and maximize competition while facilitating business opportunities for Historically Underutilized Businesses.</p> <ol style="list-style-type: none"> 1. Number of new, revised and renewed statewide volume contracts awarded 2. Number of solicitations reviewed for agencies and delegated to agencies 3. Number of contracts awarded for other state agencies 4. Number of new purchasing certifications issued 5. Number of HUB field audits conducted 6. Number of HUB desk audits conducted 7. Number of HUB seminars/outreach efforts conducted 8. Number of pieces of mail metered <ol style="list-style-type: none"> 1. Number of business days to process non-delegated open market requisitions from client agencies (under Texas Government Code Annotated §2155.132) <ol style="list-style-type: none"> 1. Number of new HUB applications received
<p>SIXTH OBJECTIVE</p>	<p>Review and establish new state services as a result of Council on Competitive Government (CCG) initiatives and achieve savings and measurable value resulting from the use of CCG services.</p>
<p><i>Outcome Measure</i></p> <p>STRATEGY</p> <p><i>Output Measures</i></p>	<ol style="list-style-type: none"> 1. State agency annual savings and measurable value resulting from CCG initiatives <p>Identify and review state programs, services and processes that can be more cost-effectively provided through competitive bidding initiatives and other strategies, including the management of a portfolio of established contracts and services.</p> <ol style="list-style-type: none"> 1. Number of competitively contracted state services under Council on Competitive Government oversight 2. Number of state activities proposed for competitive contracting evaluated for cost effectiveness

<p>AGENCY GOAL III (BUDGETED)</p>	<p>EXPEDITIOUSLY MANAGE THE RECEIPT AND DISBURSEMENT OF STATE TAX REVENUE</p>
<p>FIRST OBJECTIVE</p> <p><i>Outcome Measures</i></p> <p>STRATEGY</p> <p><i>Output Measures</i></p>	<p>Maintain fiscal 2000 levels for the time required to generate taxpayer refunds; return monthly tax allocations to local jurisdictions in an average of 22 days; and maintain the average tax data entry turnaround time within established limits through FY 2011.</p> <ol style="list-style-type: none"> 1. Time required to generate taxpayer refunds (days) 2. Time taken to return tax allocations to local jurisdictions (days) 3. Average tax data entry turnaround time <p>Provide for and improve the processing of tax and voucher data, collection and allocation of tax revenue, and the disbursements of tax refunds.</p> <ol style="list-style-type: none"> 1. Number of tax returns processed 2. Number of payments deposited 3. Number of permits and licenses issued

<i>Efficiency Measure</i> <i>Explanatory/Input Measure</i>	4. Number of taxpayer account adjustments 5. Number of collection actions performed 6. Number of tax refunds issued 7. Number of staff hours spent allocating local option taxes to government entities
	1. Average number of hours to deposit priority receipts 1. Percent of tax payments received via direct deposit

AGENCY GOAL IV (NON-BUDGETED) DEVELOP AND MAINTAIN A SKILLED WORK FORCE, COMMITTED TO QUALITY PERFORMANCE	
FIRST OBJECTIVE	Ensure that each year the Comptroller's work force will be able to attend classes that will enable them to become more productive and knowledgeable employees.
<i>Outcome Measures</i>	1. Percent of agency management receiving 35 hours of management training 2. Percent of employees receiving 21 hours of job-related training
STRATEGY	Make high-quality training available and accessible to those who need it, when they need it.
<i>Output Measures</i>	1. Number of agency management receiving 35 hours of management training 2. Number of employees receiving 21 hours of job-related training

AGENCY GOAL V (NON-BUDGETED) MAXIMIZE CUSTOMER SATISFACTION BY IMPROVING SERVICES WHILE MINIMIZING ADMINISTRATIVE BURDENS ON THOSE WE SERVE	
FIRST OBJECTIVE	Attain highest ratings possible from those we serve as evidenced by feedback provided through surveys, cards or any other measuring device used in the agency.
<i>Outcome Measures</i>	1. Percentage of surveyed customer respondents expressing overall satisfaction with services received 2. Percentage of surveyed customer respondents identifying ways to improve service delivery
STRATEGY	Improve services delivered to our internal and external clients in support of the Comptroller of Public Accounts' mission to serve the people of Texas.
<i>Output Measures</i>	1. Number of customers surveyed 2. Number of customers served
<i>Efficiency Measure</i>	1. Cost per customer surveyed
<i>Explanatory/Input Measures</i>	1. Number of customers identified 2. Number of customer groups inventoried

AGENCY GOAL VI (NON-BUDGETED) ESTABLISH AND CARRY OUT POLICIES GOVERNING PURCHASING AND ALL CONTRACTING THAT FOSTER MEANINGFUL AND SUBSTANTIVE INCLUSION OF HISTORICALLY UNDERUTILIZED BUSINESSES (HUBS)	
FIRST OBJECTIVE	To include HUBs in at least 57.2 percent of all agency dollars spent for special trade construction; 20 percent of all agency dollars spent for professional services; 33 percent of all agency dollars spent for other services; and 12.6 percent of all dollars spent for commodities.
<i>Outcome Measure</i>	1. Percentage of agency dollars spent on HUBs (with subcontracting)
STRATEGY	Maintain ongoing program of activities to ensure HUB vendor participation in procurement process.
<i>Output Measures</i>	1. Number of purchase orders issued directly to HUB vendors 2. Number of HUB Economic Opportunity Forums attended or co-hosted 3. Number of internal agency HUB training sessions conducted 4. Amount of agency dollars spent on HUBs (without subcontracting) 5. Number of HUB subcontracting dollars 6. Number of unique non-HUB prime contractors reporting HUB subcontracting 7. Number of non-HUB prime contractors notified for HUB subcontracting 8. Number of HUB outreach opportunities conducted

STATE ENERGY CONSERVATION OFFICE (SECO) DEVELOP AND ADMINISTER PROGRAMS THAT PROMOTE ENERGY EFFICIENCY	
FIRST OBJECTIVE	Maintain \$95 million balance in LoanSTAR Program.
<i>Outcome Measures</i>	1. Percent of public schools that sign up for the WATT Watchers program during the current fiscal year 2. Energy dollars saved as percent of energy expenditures 3. Energy dollars saved by LoanSTAR projects (in millions)
STRATEGY	Promote and manage energy programs.
<i>Output Measures</i>	1. Number of active LoanSTAR loans processed and managed by SECO 2. Number of public schools that sign up for the WATT Watcher Programs during the current fiscal year
<i>Efficiency Measure</i>	1. Energy dollars saved per dollar spent for energy retrofit programs



Technology Initiative Alignment

Related Agency Objective	Related State Strategic Plan (SSP) Strategy / Strategies	Status	Anticipated Benefit(s)	Innovation, Best Practice, Benchmarking
Technology Initiative: Technology Modernization Initiative				
<p>Objective 1-1: Guarantee that the accuracy rate on tax amounts reported by the taxpayer does not fall below 98 percent on original audits through 2011; permit at least 2,000 non-permitted businesses operating in Texas each fiscal year through 2011; and guarantee that audits are efficiently performed with average dollars assessed to dollar cost of \$25 or higher based on historical performance.</p> <p>Objective 1-2: Average 305 delinquent account closures per Enforcement Collector; average a 116 day turnaround time for closing delinquent accounts; and obtain 95 percent positive survey responses from attendees at taxpayer seminars.</p> <p>Objective 1-3: Obtain a 96 percent favorable rating from taxpayers concerning the speed and accuracy of information disseminated.</p> <p>Objective 3-1: Maintain fiscal 2000 levels for the time required to generate taxpayer refunds; return monthly tax allocations to local jurisdictions in an average of 22 days; and maintain the average tax data entry turnaround time within established limits through FY 2011.</p>	<p>4-1</p> <p>5-1</p>	Current	Provide state-of-the-art technology that will enable taxpayers to register, file and pay taxes online.	

Related Agency Objective	Related State Strategic Plan (SSP) Strategy / Strategies	Status	Anticipated Benefit(s)	Innovation, Best Practice, Benchmarking
Technology Initiative: Interactive Voice Response				
Objective 1-3: Obtain a 96 percent favorable rating from taxpayers concerning the speed and accuracy of information disseminated.	1-2	Planned	Provide more customer self-service options, yielding increased call capacity and better customer service.	
Technology Initiative: Statewide Enterprise Resource Planning (ERP)				
Objective 2-1: Reduce the average percent variance between estimated and actual total revenue collections by 5 percent or more in each biennium; guarantee that 100 percent of proposed state expenditures are entirely supported by a valid revenue estimate before certification of the General Appropriations Bill; obtain an overall Fiscal Management Division customer service rating of good or excellent on 98 percent of returned surveys; and increase volume of direct deposit of payments issued each fiscal year.	1-4 4-1 4-2 5-1	Current	Provide standardized formats and processes for critical information supporting statewide agencies and higher-education institutions.	
Objective 2-3: Serve the citizens, taxpayers and local entities of Texas by providing financial information and assistance that will promote understanding of current fiscal issues and problems and facilitate efficient and effective operations and services.				
Objective 2-4: Maximize the efficiency of managing state revenue by processing at least 98 percent of monies electronically.				

Related Agency Objective	Related State Strategic Plan (SSP) Strategy / Strategies	Status	Anticipated Benefit(s)	Innovation, Best Practice, Benchmarking
Technology Initiative: Business Intelligence (BI)				
<p>Objective 1-2: Average 305 delinquent account closures per Enforcement Collector; average a 116 day turnaround time for closing delinquent accounts; and obtain 95 percent positive survey responses from attendees at taxpayer seminars.</p> <p>Objective 2-1: Reduce the average percent variance between estimated and actual total revenue collections by 5 percent or more in each biennium; guarantee that 100 percent of proposed state expenditures are entirely supported by a valid revenue estimate before certification of the General Appropriations Bill; obtain an overall Fiscal Management Division customer service rating of good or excellent on 98 percent of returned surveys; and increase volume of direct deposit of payments issued each fiscal year.</p> <p>Objective 2-3: Serve the citizens, taxpayers and local entities of Texas by providing financial information and assistance that will promote understanding of current fiscal issues and problems and facilitate efficient and effective operations and services.</p> <p>Objective 1-3: Obtain a 96 percent favorable rating from taxpayers concerning the speed and accuracy of information disseminated.</p>	4-1	Current	Provide timely, accurate and actionable information to internal and external customers by implementing a scalable and efficient data warehouse containing financial and operational data, coupled with flexible reporting tools.	

Related Agency Objective	Related State Strategic Plan (SSP) Strategy / Strategies	Status	Anticipated Benefit(s)	Innovation, Best Practice, Benchmarking
Technology Initiative: Treasury Rewrite				
Objective 2-4 Maximize the efficiency of managing state revenue by processing at least 98 percent of monies electronically.	5-1	Planned	Provide greater efficiencies by reducing or eliminating time-consuming manual reconciliation, duplicate data entry and paper processing.	
Technology Initiative: Enhanced Procurement Systems				
Objective 2-5: To manage a statewide procurement system that ensures that the state receives quality, cost-effective goods and services by maximizing competition, facilitating business opportunities for Historically Underutilized Businesses, achieving 100 percent utilization of statewide term contracts each fiscal year and providing support services to state agencies in a timely, cost-effective manner.	2-1 2-2	Planned	Provide greater efficiencies, reduce costs and improve customer satisfaction by making it easier to use statewide procurement systems and process purchase orders.	

Agency Strategic Plan

For the Period
2009-2013

APPENDIX A

Agency Planning Process

AGENCY STRATEGIC PLAN

HB 2009, passed in the 72nd Legislative Session, required all state agencies to submit strategic plans to the Governor's Office and the Legislative Budget Board (LBB) by March 1, 1992. Phase I of the strategic plan included the development of an agency mission statement, philosophy, external and internal assessment and agency goals. Phase II, comprised of the agency's objectives, strategies, measures and appropriations request, was due by Oct. 1, 1992.

During the summer of 1991, each division submitted a business plan in conjunction with its annual budget request for fiscal 1992. While not directly linked to funding, the first business plans identified each division's mission and objectives and described what each division planned to accomplish over the following year. While divisions made a very good attempt at developing and outlining the plans, there was little uniformity or consistency across the agency. As with any first attempt, agency personnel gained valuable experience. This initial planning process provided a benchmark for future planning efforts and set the direction for general overall agency planning.

The development of the Comptroller's strategic plan required the involvement, cooperation and interaction of executive management, division managers, budget personnel and frontline employees. A Strategic Plan Task Force, consisting of employees throughout the agency, led the effort in developing the plan. Division business plans were used extensively in developing the agency mission, philosophy and goals. With the strategic planning effort, the agency's focus shifted to the longer term, emphasizing results and accountability.

Various elements were reviewed during the development of the plan including: strategic issues, trends analysis, performance measurement and external factors. Task force members met with several outside groups, including Xerox, IBM and EDS, to examine how other entities approach strategic planning and benchmarking. The group also met with the Assistant Director for Program Evaluation at the LBB to discuss the performance and workload aspects of the statewide strategic planning effort.

Once the group completed the mission statement, philosophy, external/internal assessment and goals for the agency, the document was distributed to customer groups for feedback and suggestions for improvement. Customer groups reviewing the plan included the Texas Association of Taxpayers, the Texas Association of Appraisal Districts, the Texas Municipal League, and Texas Commerce Bank. Responses were very positive.

In developing the objectives, strategies and related performance measures for the second phase of the plan, the task force determined that updated division business plans should form the basis of this effort. An outside consultant provided a two-day training session on the terminology and concepts involved in the development of outcome-based objectives, strategies and measures. Approximately 40 division managers and key personnel attended the training. Over 150 personnel attended training via a videotape of the training session.

Agency personnel primarily viewed performance measurement as a way to track output. With an emphasis on the development of a planning and budgeting system based

on performance, a shift in traditional focus and thinking was necessary. As divisions updated business plans for fiscal 1993, personnel struggled to incorporate the new concepts and develop outcome-based performance measures designed to show results. As a result of the training, divisions prepared more consistent and uniformly written business plans. From division business plans, the task force developed agency objectives, strategies and measures.

Over the ensuing years, the Comptroller's office has continued to work toward a comprehensive approach to planning, focusing on its missions, goals and objectives and establishing meaningful performance measures to report its progress toward those goals and objectives. When appropriate, refinements made to the statewide planning and budgeting system have been incorporated into the agency planning and budgeting system on a division-by-division basis.

INFORMATION RESOURCES (IR) STRATEGIC PLAN

Even before the statewide implementation of the Strategic Planning and Performance Based Budgeting system, the 71st Legislature enacted HB 2736, the Information Resources Management Act (IRMA) of 1989, which established a strategic, coordinated and cost-effective approach to the acquisition and use of information resource technologies in Texas state government. IRMA directed state agencies to plan and account for all IR expenditures and to submit *IR Strategic Plans*.

The requirement for a separate *IR Strategic Plan* has since been eliminated. The "Technology Initiative Alignment," included as part of the *Agency Strategic Plan*, aligns technology initiatives to the agency's business needs and priorities and the strategies of *The Texas Transformation*, the state's strategic plan. Strategically aligning agency technology initiatives with statewide technology objectives drives economies of scale, increases interoperability among the state's information systems and promotes interagency collaboration.

SB 381, passed by the 73rd Legislature in 1993, amended HB 2736 to incorporate procedures for the appointment of an Information Resources Manager (IRM). At the Comptroller's office, the Director of Innovation and Technology serves as the agency's Chief Technology Officer (CTO) and oversees the planning, budgeting and monitoring of technology expenditures and projects. The CTO, in carrying out these duties, ensures that business needs provide the driving

force behind technology. Under the stewardship of the CTO and the guidance of the "Technology Initiative Alignment," the Comptroller's office exploits technological innovation that provides the citizens of Texas with the highest value for their tax dollars.

LEGISLATIVE APPROPRIATIONS REQUEST

The Budget and Internal Accounting division uses the *Agency Strategic Plan* and division business plans to develop the *Legislative Appropriations Request* (LAR). Funding by agency strategy allows the agency to express the priorities of the strategic plan in financial terms. Strategies, which are ways to accomplish key objectives, become the basic building blocks for the budgeting and expenditure of state funds.

It must be noted that the objectives, strategies and measures funded in the LAR relate specifically to the primary functions or areas of the agency (i.e., Audit, Enforcement, Revenue Processing, etc.). Administrative divisions such as Human Resources and Budget and Internal Accounting provide support for all primary functions or areas. The costs of administrative divisions are allocated to each agency strategy.

INTERNAL AUDIT

The Budget and Internal Accounting division has worked with the Internal Audit division to develop ties between the audit process, divisions' business plans and performance measurement. Internal Audit has incorporated use of the division business plans and performance measures in the process of evaluating the agency's efficiency, effectiveness and accuracy of operations. Performance measures are audited using the methodology developed by the State Auditor's Office.

In addition, Internal Audit utilizes agency strategies in its enterprise risk management (ERM) process to ensure that its annual audit plan focuses audit resources on the overall goals and objectives of the agency.

The ERM process goes beyond traditional external/internal risk analyses by identifying and measuring critical operational, strategic and environmental risks. Work team Control Self Assessment (CSA) sessions are conducted at all levels of the agency, from executive to front-line workers. During the CSA sessions, team members:

- review their mission statement;
- identify their key processes;

- identify the risks that threaten their key processes;
- rate the impact and likelihood of each risk; and
- determine what internal controls are in place to avoid or reduce the risks.

After the session, management has a Control Self Assessment report showing:

- prioritized key activities;
- a summary chart displaying all key activities and the risk levels; and
- a breakdown, by key activity, of the potential risks and the internal controls that are used to reduce the impact and likelihood of those risks.

This cooperative effort between Budget and Internal Accounting and Internal Audit helps to provide the agency with a reasonable assurance that controls exist to prevent or minimize disruptions to an area's key activities in the ongoing effort to improve agency performance and accountability.

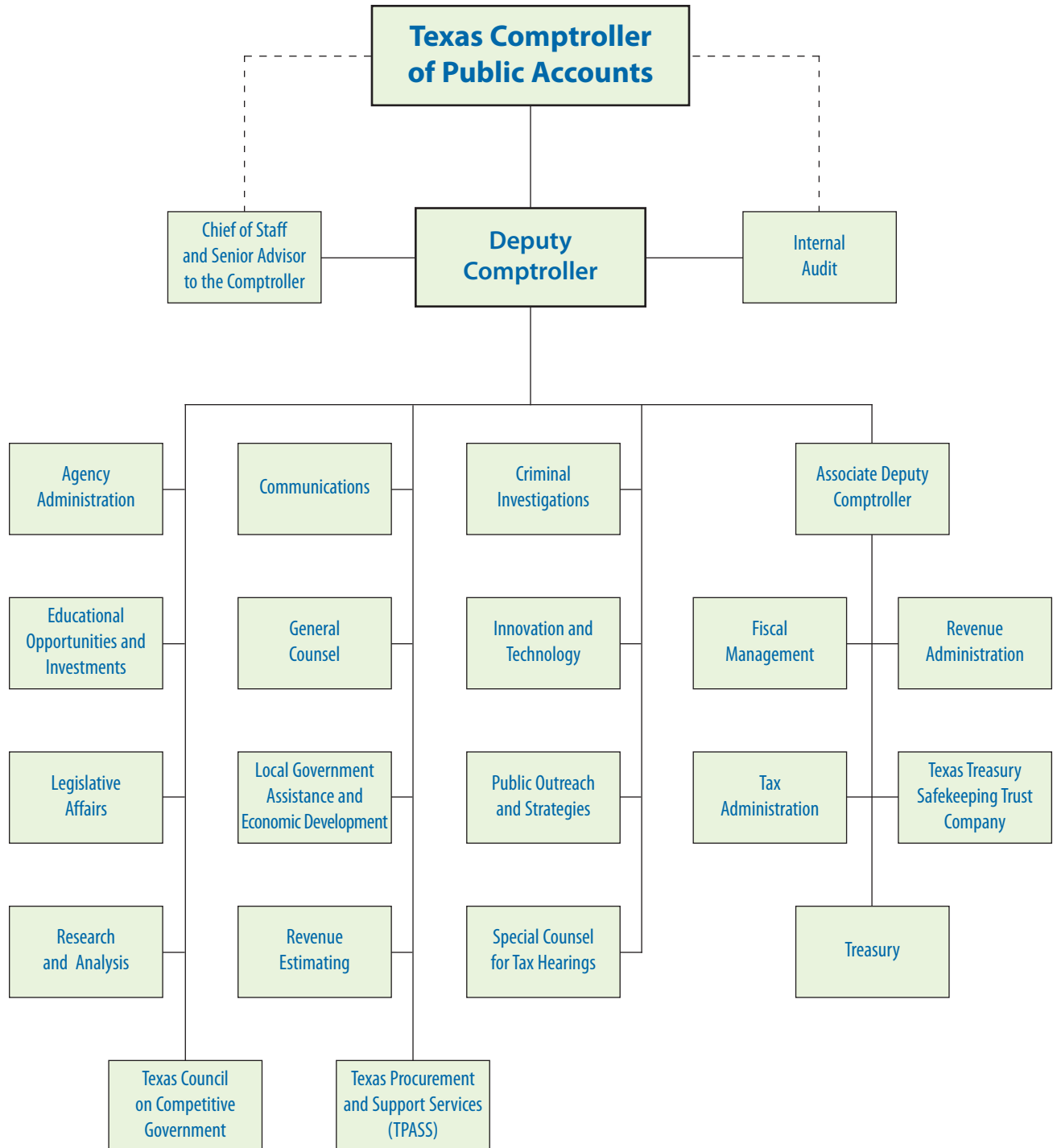
THE FUTURE

Although the process continues to evolve, significant change and improvement has occurred since the first strategic plan was developed in 1992. The planning process continues to expand and improve with a renewed emphasis on the importance of management involvement in, and responsibility for, ensuring the integrity of reported data and the use of planning and performance measures as tools in obtaining results. Executive management has made it clear this responsibility rests directly with division directors and managers and cannot be delegated. Through executive leadership and the involvement of all divisions and, ultimately, the frontline employees, the agency is positioned to readily adapt to change and to focus on providing high-quality service to all customers, both external and internal, in the future.



APPENDIX B

Agency Organizational Chart





APPENDIX C

Projections of Outcomes for 2009–2013

Outcome	2009	2010	2011	2012	2013
Percent accuracy rate of reported amounts on original audits	98%	97%	97%	97%	97%
Number of non-permitted businesses permitted	2,300	2,300	2,300	2,000	2,000
Average turnaround time for delinquent accounts (days)	116	116	116	116	116
Average monthly delinquent account closure rate per Enforcement Collector	325	305	305	305	305
Percent of positive surveys received from attendees at taxpayer seminars	95%	95%	95%	95%	95%
Percent of favorable responses obtained to quality control surveys sent to taxpayers concerning speed and accuracy of information disseminated	96%	96%	96%	96%	96%
Percentage of all cases in which position letters are issued within 90 days of receipt of the file in the Administrative Hearings Section	85%	85%	85%	85%	85%
Percent of targeted state agencies with improved performance	80%	80%	80%	80%	80%
Percentage of proposed state expenditures guaranteed to be entirely supported by a valid revenue estimate before certification of the General Appropriations Bill for the next biennium	100%	100%	100%	100%	100%
Percent of Fiscal Management Division customers who return an overall customer service rating of good or excellent on the Fiscal Management Customer Service Survey	98%	98%	98%	98%	98%
Average percent variance (plus or minus) between estimated and actual total revenue collections	+/- 1.05%	Na	+/-3.71%	Na	+/-3.53%
Percent of all payments issued via direct deposit (excluding Warrant Express System [WES] child support payments)	71%	73%	74%	75%	76%
Percentage of target Independent School Districts' total statewide value in which Property Tax Division (PTD) met the target margin of error	95%	95%	95%	95%	95%
Percent increase in the number of online subscribers to fiscal and tax publications	15%	15%	15%	15%	15%
Percentage of funds processed electronically	90%	98%	98%	98%	98%
Number of new HUBs certified	1,200	1,200	1,200	1,200	1,200
Percent increase in dollar value of purchases made through term contracts for the CO-OP Program members	5%	5%	5%	5%	5%

Projections of Outcomes for 2009–2013 (concluded)

Outcome	2009	2010	2011	2012	2013
Percent of statewide term contracts utilized	100%	100%	100%	100%	100%
Presort and barcode savings achieved	\$322,037	\$322,037	\$322,037	\$322,037	\$322,037
State agency annual savings and measurable value resulting from CCG initiatives (in millions)	\$17.0	\$17.9	\$18.7	\$19.7	\$20.7
Time required to generate taxpayer refunds (days)	12.0	12.0	12.0	12.0	12.0
Time taken to return tax allocations to local jurisdictions (days)	21.0	21.0	21.0	20.0	19.0
Average tax data entry turnaround time	5.5	5.5	5.0	5.0	5.0

State Energy Conservation Office

Percent of public schools that sign up for the WATT Watchers program during the current fiscal year	5.0%	5.0%	5.0%	5.0%	5.0%
Energy dollars saved as a percent of energy expenditures	23.0%	23.0%	23.0%	23.0%	23.0%
Energy dollars saved by LoanSTAR projects (in millions)	\$20.0	\$18.0	\$20.0	\$20.0	\$20.0

APPENDIX D

Performance Measure Definitions

STRATEGY: ONGOING AUDIT ACTIVITIES	
Measure:	Percent Accuracy Rate of Reported Amounts on Original Audits
<i>Short Definition:</i>	Percent accuracy rate is a comparison of the tax amounts reported from audited taxpayers to the tax amounts due as a percentage after verification through an audit.
<i>Purpose/Importance:</i>	Since we do thousands of audits a year, this measure helps provide some idea of the level of reporting accuracy of the taxpayer population. A decrease of even 1 percent could cost the state millions of dollars of timely reported tax revenue and may indicate trends in voluntary compliance.
<i>Source/Collection:</i>	Reported amounts are collected in each tax system, and audited tax information is from original audits and verifications on the Work Manager System.
<i>Method of Calculation:</i>	The measure is calculated by dividing the amounts reported from the audited taxpayers by the sum of the audited tax change and the amounts reported.
<i>Data Limitations:</i>	Data for this measure relies on the integrity of automated systems, where occasional loss of data is a risk. Subject to impact from numerous external forces such as tax law changes, economic expansion, court cases etc.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure:	Number of Non-Permitted Businesses Permitted
<i>Short Definition:</i>	A count of operating non-permitted businesses, which are identified and brought into compliance through permitting.
<i>Purpose/Importance:</i>	Helps to improve voluntary compliance, improves fair application of the tax laws to all business operators and preserves substantial sums of tax revenue for the state on the front end.
<i>Source/Collection:</i>	Data is obtained from the Work Manager system; the name of the report is BARTTPS.sql.
<i>Method of Calculation:</i>	The report BARTTPS.sql automatically sums the original Business Activity Research Team (BART) assignments where the TAX_SETU_CD = "Y" and the TAX_SETU_Dt is within the report period.
<i>Data Limitations:</i>	Data for this measure relies on the integrity of automated systems, where occasional loss of data is a risk.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Number of Audits and Verifications Conducted	
<i>Short Definition:</i>	Any original verification of compliance or performance with laws and rules as conducted or provided by Audit Division staff.
<i>Purpose/Importance:</i>	To improve voluntary compliance with, and fair application of, Texas' tax laws.
<i>Source/Collection:</i>	Data is gathered from three sources: An automated report entitled AWMVERS is obtained from the Work Manager system; manual data is obtained from the Business Activity Research Team and the Project Manager of Unclaimed Property.
<i>Method of Calculation:</i>	The sum of audit and verifications data from the Work Manager system, Business Activity Research Team examinations, and Unclaimed Property assignments conducted by contract examiners.
<i>Data Limitations:</i>	Data for this measure relies on the integrity of automated systems, where occasional loss of data is a risk.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Number of Non-Permitted Taxpayers Contacted Through Correspondence	
<i>Short Definition:</i>	The number of non-permitted potential taxpayers who are identified and contacted through letters by the staff of the Business Activity Research Team (BART).
<i>Purpose/Importance:</i>	To improve voluntary compliance with, and fair application of, Texas' tax laws.
<i>Source/Collection:</i>	Data is collected from an automated report entitled BART_CONTACTS.sql. maintained on the Work Manager system.
<i>Method of Calculation:</i>	The measure is automatically calculated monthly by summing the number of original non-IRS BART assignments with first letter dates within the report period and the number of unique original IRS BART assignments with a generation date within the report period.
<i>Data Limitations:</i>	Due to IRS restrictions, some BART assignments are not entered into the Work Manager system until after the first letter date, so assignment generation is used instead. This results in a slight delay in the availability of data for this measure.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Number of Hours Spent on Completed Refund Verifications	
<i>Short Definition:</i>	Total hours spent on completed original refund verifications as input to the Work Manager system.
<i>Purpose/Importance:</i>	Hours represent time spent safeguarding the state from inaccurate or fraudulent refund of tax monies through taxpayer generated refund requests.
<i>Source/Collection:</i>	Data is obtained from a report entitled AWMREFS maintained on the Work Manager system.
<i>Method of Calculation:</i>	Mainframe program summarizes total hours on completed original refund assignments (WT03s).

<i>Data Limitations:</i>	Data for this measure relies on the integrity of automated systems, where occasional loss of data is a risk. Additionally, the accuracy of the data relies on the integrity of a manual entry system. The risk of erroneous time accounting data is mitigated by regular management review of staff entries.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower
Measure: Average Dollars Assessed to Dollar Cost	
<i>Short Definition:</i>	Auditor-generated tax adjustments per dollar spent to generate them.
<i>Purpose/Importance:</i>	Efficiency measure representing the state's return in terms of auditor-generated total tax adjustments as a ratio to the costs associated with generating those adjustments.
<i>Source/Collection:</i>	Dollars assessed data comes from the Work Manager system, the Business Activity Research Team and the Unclaimed Property Project Manager for dollars generated in their respective areas. Cost data is extracted from expenditure reports maintained on the agency's internal accounting system. This data is provided by Budget and Internal Accounting.
<i>Method of Calculation:</i>	Audits and verifications are obtained from the Work Manager system. The absolute value of both is totaled. Business Activity Research Team examination dollar figures and Unclaimed Property assignment dollar figures are also totaled. All totals are summed. Cost data associated with field audit offices and the Business Activity Research Team are summed. The sum of dollars assessed is divided by the sum of dollar-cost to arrive at this measure.
<i>Data Limitations:</i>	Data for this measure relies on the integrity of automated systems, where occasional loss of data is a risk.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Percent of Audit Coverage	
<i>Short Definition:</i>	Annualized audit and verification completions as a percent of taxpayers eligible for audit.
<i>Purpose/Importance:</i>	The audit process establishes our regulatory presence with the taxpayer population, thereby enhancing voluntary compliance by providing an incentive for accurate and timely reporting and payment of taxes collected.
<i>Source/Collection:</i>	Assignment summaries for audits and verifications from the Work Manager system are totaled. Examination summaries from the Business Activity Research Team are totaled. Assignment summaries from the Unclaimed Property Project Manager are totaled. These totals are summed. The automated inquiry MTIACT (or its equivalent) provides taxpayer counts.
<i>Method of Calculation:</i>	The sum of assignments for the Business Activity Research Team, Unclaimed Property and in the Work Manager System are divided by the population of active and inactive taxpayers eligible for an audit during the time period in question. The inquiry MTIACT provides the taxpayer count.
<i>Data Limitations:</i>	Data for this measure relies on the integrity of automated systems, where occasional loss of data is a risk.
<i>Calculation Type:</i>	Non-cumulative

New Measure: No

Desired Performance: Target or higher

STRATEGY: TAX LAWS COMPLIANCE

Measure: Average Turnaround Time for Delinquent Accounts (days)

Short Definition: The average number of days it takes to close delinquent accounts (cases), beginning with when they are created on the Agency Work Manager (a mainframe inventory system) and ending on their closure date during the reporting period. Low dollar accounts that cannot be certified to the Attorney General and are transferred to a contracted private collection agency for collection are not included in this measure.

Purpose/Importance: This measure provides an indication of the efficiency of the entire collection program, including initial taxpayer notification, taxpayer contact, collection activity and final resolution.

Source/Collection: The case closure (resolution) date for all accounts closed which were available for Comptroller collection activity during the reporting period, the date those cases were activated and the number of cases closed during the reporting period are obtained from the Agency Work Manager.

Method of Calculation: Using the Agency Work Manager as the source of data, the average turnaround time is calculated by adding the number of days from the case activation date to the case closure date for all cases closed which were available for Comptroller collection activity during the reporting period, and dividing the result by the total number of cases closed which were available for Comptroller collection activity during the reporting period. When calculating the second, third, and fourth quarter, the year-to-date total is recalculated based on monthly data maintained in a summary file.

Data Limitations: Data for this measure is well defined, although it relies on the integrity of automated systems, where occasional loss of data is a risk.

Calculation Type: Non-cumulative

New Measure: No

Desired Performance: Target or lower

Measure: Average Monthly Delinquent Account Closure Rate Per Enforcement Collector

Short Definition: The average number of accounts (cases) closed per Enforcement collector (phone/field collector) per month.

Purpose/Importance: This measure gives an indication of the productivity of the division's collection staff as it relates to closing delinquent accounts.

Source/Collection: The number of cases closed by Enforcement collectors during the reporting period is obtained from the Agency Work Manager. Total enforcement minutes for field collectors are obtained from the agency Time Accounting System. Total enforcement minutes for phone collectors are obtained from the agency phone system and agency Time Accounting System.

Method of Calculation: This measure is calculated by dividing the number of delinquent cases closed by Enforcement collectors during the reporting period by the number of available collectors during the reporting period. The number of available collectors is calculated by adding total field collector enforcement minutes and total phone collector enforcement minutes for the reporting period, dividing the sum by the available work minutes (440 minutes) during a day, and dividing the result by the number of working days in the reporting period. When calculating the second, third, and fourth quarter, the year-to-date total is recalculated based on monthly data maintained in a summary file.

<i>Data Limitations:</i>	Data for this measure is well defined, although it relies on the integrity of automated systems, where occasional loss of data is a risk. Additionally, the accuracy of the data obtained from the agency Time Accounting System relies on the integrity of a manual entry system. The risk of erroneous agency time accounting data is mitigated by regular management review of staff entries.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Percent of Positive Surveys Received From Attendees at Taxpayer Seminars	
<i>Short Definition:</i>	The number of positive surveys received at the end of taxpayer seminars, expressed as a percentage of all surveys received. Positive surveys are determined by a “yes” response to the question about the overall quality of the seminar.
<i>Purpose/Importance:</i>	This measure evaluates the perceived benefit of a critical customer outreach program. Data obtained from the surveys will also be used to assist with improving the overall customer service program of the division.
<i>Source/Collection:</i>	Survey results data are obtained from the division’s Taxpayer Seminar database after Headquarters staff enters response data.
<i>Method of Calculation:</i>	Using the Taxpayer Seminar database as the source of data, the number of positive surveys is divided by the total number of survey respondents to determine the percent of positive surveys. When calculating the second, third, and fourth quarter, the year-to-date total is recalculated based on monthly data maintained in a summary file.
<i>Data Limitations:</i>	Data for this measure is well defined, although it relies on the integrity of automated systems, where occasional loss of data is a risk. Additionally, the accuracy of reported response data relies on the integrity of a manual entry system.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Number of Field Office Service Area Evaluations Conducted	
<i>Short Definition:</i>	The number of semiannual evaluations of field office workload conducted by Enforcement Headquarters.
<i>Purpose/Importance:</i>	This measure accounts for a significant investment in staff resources used to determine workload efficiencies/inefficiencies and to prepare scenarios for affecting positive change in field resource allocation and office alignment within geographic areas.
<i>Source/Collection:</i>	Documentation of field office service area evaluations is maintained in Headquarters’ files for a minimum of four years.
<i>Method of Calculation:</i>	A manual count is taken of the total number of field service area evaluations conducted by Headquarters during the reporting period.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative

<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Average Taxpayer Contacts by a Call Center Collector Per Phone Hour	
<i>Short Definition:</i>	The average number of inbound and outbound telephone contacts per hour handled by call center collectors. Inbound calls primarily consist of delinquent taxpayers responding to collection notices and returning collection calls. Outbound calls are the result of call campaigns designed to initiate contact with taxpayers residing on the Agency Work Manager.
<i>Purpose/Importance:</i>	This measure gives an indication of the productivity of the division's phone collection staff as it relates to making contact with delinquent taxpayers.
<i>Source/Collection:</i>	The total number of inbound and outbound calls handled, and the total sign-in time for all phone collectors, are obtained from the agency phone system.
<i>Method of Calculation:</i>	This measure is calculated by adding all inbound and outbound calls handled by call center collectors during the reporting period and dividing by the total sign-in time (minutes converted to hours) for all call center collectors during the period. When calculating the second, third, and fourth quarter, the year-to-date total is recalculated based on monthly data maintained in a summary file.
<i>Data Limitations:</i>	Data for this measure is well defined, although it relies on the integrity of automated systems, where occasional loss of data is a risk.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Number of Taxpayer Seminars Conducted	
<i>Short Definition:</i>	The number of taxpayer seminars conducted during the reporting period. These seminars provide taxpayers with information regarding filing requirements, tax laws and rules, and agency services.
<i>Purpose/Importance:</i>	This measure accounts for a significant investment of staff resources in a critical customer outreach program.
<i>Source/Collection:</i>	The number of taxpayer seminars conducted during the reporting period is entered on the division's Taxpayer Seminar database by Headquarters staff.
<i>Method of Calculation:</i>	Using the Taxpayer Seminar database as the source of data, this measure is the sum of taxpayer seminars conducted during the reporting period.
<i>Data Limitations:</i>	Data for this measure is well defined, although it relies on the integrity of automated systems, where occasional loss of data is a risk. Additionally, the accuracy of seminar data relies on the integrity of a manual entry system.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Delinquent Taxes Collected per Collection-Related Dollar Expended	
<i>Short Definition:</i>	The amount of delinquent tax dollars collected for every dollar expended by the division that has been allocated to collection activities.
<i>Purpose/Importance:</i>	This measure gives an indication of the rate of return for expenditures related to collection activities.
<i>Source/Collection:</i>	Data for this measure is obtained from the agency work manager (delinquent dollars collected), the Integrated Statewide Accounting System (ISAS expenditure data), the agency phone system, and agency time accounting system.
<i>Method of Calculation:</i>	Using the agency work manager, ISAS, agency phone system, and agency time accounting system as the sources of data, total delinquent dollars collected is divided by the sum of Enforcement division expenses attributed to collection activities in the field, total expenses attributed to the phone center, and any fees paid to contracted private collection vendors. Enforcement division expenses attributed to collection activities in the field are calculated by office based on the ratio of enforcement hours to total hours for the reporting period. Headquarters' total expenses are allocated between the field and the phone center based on the ratio of field to phone center FTEs for the reporting period. When calculating the second, third, and fourth quarter, the year-to-date total is recalculated based on monthly data maintained in a summary file.
<i>Data Limitations:</i>	Data for this measure is well defined, although it relies on the integrity of automated systems, where occasional loss of data is a risk. Additionally, the accuracy of the data for field collector enforcement hours relies on the integrity of a manual entry system, where field collectors enter their time allocation to an agency time accounting system. The risk of erroneous agency time accounting system data is mitigated by regular management review of staff entries. Further, the division is reliant on the accuracy and availability of expenditure data from ISAS.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Minimum Percent of Field Collector Time in the Field	
<i>Short Definition:</i>	The percent of a field collector's time that is spent conducting compliance activities out in the field.
<i>Purpose/Importance:</i>	This measure is an indication of the percentage of time that is available to field collection staff for conducting compliance activities after accounting for required administrative, travel and in-office responsibilities. Time requirements are driven by staffing and workload.
<i>Source/Collection:</i>	Field collectors enter their daily time allocation on the agency Time Accounting System based on functions performed during the day.
<i>Method of Calculation:</i>	Using the agency Time Accounting System as the source of data, enforcement field hours (enforcement field and enforcement field travel) are divided by total enforcement hours (including enforcement field, enforcement field travel and enforcement office hours), to determine the percent of field collector time actually spent out of the office on compliance activities. When calculating the second, third, and fourth quarter, the year-to-date total is recalculated based on monthly data maintained in a summary file.
<i>Data Limitations:</i>	Data for this measure is well defined, although it relies on the integrity of automated systems, where occasional loss of data is a risk. Additionally, the accuracy of the data for field collector work hours relies on the integrity of a manual entry system, where field collectors enter their time allocation to an agency Time Accounting System. The risk of erroneous agency Time Accounting System data is mitigated by regular management review of staff entries.

<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Total Delinquent Dollars Collected (in millions)	
<i>Short Definition:</i>	The total delinquent dollars collected from all facets of the collection program, including the field, the phone center and any private collection vendors.
<i>Purpose/Importance:</i>	This is an explanatory measure that gives an indication of the final results of the collection program.
<i>Source/Collection:</i>	Delinquent dollars collected are obtained from the Agency Work Manager.
<i>Method of Calculation:</i>	Using the Agency Work Manager as the source of data, delinquent dollars collected are summed for the reporting period.
<i>Data Limitations:</i>	Data for this measure is well defined, although it relies on the integrity of automated systems, where occasional loss of data is a risk.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

STRATEGY: TAXPAYER INFORMATION

Measure: Percent of Favorable Responses Obtained to Quality Control Surveys Sent to Taxpayers Concerning Speed and Accuracy of Information Disseminated	
<i>Short Definition:</i>	On each hard copy response, we include a hard copy customer survey. In each e-mail response, we include wording inviting customers to complete our online customer service survey. The survey asks the taxpayer to agree or disagree with five short statements about their satisfaction with our service and provides room for comment. The responses are compiled and analyzed to determine the percentage of favorable responses.
<i>Purpose/Importance:</i>	This measure allows the division to determine the level of customer service satisfaction the taxpayers are receiving when they contact our office with tax policy questions and issues.
<i>Source/Collection:</i>	Information gathered from the questionnaires is maintained on our local area network (LAN).
<i>Method of Calculation:</i>	The percent equals the number of favorable responses divided by the total number of responses returned. Favorable responses are defined as “agree”, “disagree”, and “not applicable”. A favorable response occurs when the taxpayer selects “agree” in response to the statements in the survey.
<i>Data Limitations:</i>	None known
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Number of Calls Handled by Tax Assistance Specialists	
<i>Short Definition:</i>	Number of calls handled captures the number of telephone inquiries regarding tax assistance that are handled by our Tax Assistance specialists. A call is considered handled when the caller is connected with a tax specialist.
<i>Purpose/Importance:</i>	This captures the total number of telephone inquiries handled by tax assistance specialists.
<i>Source/Collection:</i>	Information is received from an automated report entitled DAPPLSMR generated by the Rockwell/Aspect telephone system.
<i>Method of Calculation:</i>	Calls handled are determined by subtracting the number of abandoned calls from the number of calls offered. A call is considered offered when it is accepted into the Rockwell telephone system automated call distributor.
<i>Data Limitations:</i>	None known
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Total Number of Responses Issued by the Tax Policy and Tax Policy Support Areas	
<i>Short Definition:</i>	This measure is the number of responses issued by the Tax Policy and Tax Policy Support areas of the Tax Policy Division. The responses are issued in order to answer correspondence assigned to the Tax Policy Division. The responses may be in the form of a letter, e-mail, fax or telephone call.
<i>Purpose/Importance:</i>	This is a workload measure that tells us the total number of responses issued to taxpayers by the Tax Policy and Tax Policy Support areas.
<i>Source/Collection:</i>	The information is received from the Agency Work Manager System from a report entitled D35-02, Statistics of Completed Correspondence.
<i>Method of Calculation:</i>	The total number of responses is automatically calculated from a statistics of completed correspondence report from the Agency Work Manager System.
<i>Data Limitations:</i>	None known
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Average Time Taken (in work days) to Respond to Correspondence Assigned to the Tax Policy and Tax Policy Support Areas	
<i>Short Definition:</i>	This measure reflects the average time taken to issue a response to correspondence assigned to the Tax Policy and Tax Policy Support areas.
<i>Purpose/Importance:</i>	The information is important to the division in that we can determine from the total if we are responding to taxpayers in the required timely manner.
<i>Source/Collection:</i>	The information is received from the Agency Work Manager System from a report entitled D35-02, Statistics of Completed Correspondence.

<i>Method of Calculation:</i>	The average time taken (in work days) to respond to correspondence assigned to the Tax Policy and Tax Policy Support areas is automatically calculated from a statistics of completed correspondence report from the Agency Work Manager System.
<i>Data Limitations:</i>	None known
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Average Number of Calls Handled Per Tax Assistance Telephone Specialists Per Work Day

<i>Short Definition:</i>	This measure is the average number of incoming calls handled on a daily basis by telephone specialists in Tax Assistance.
<i>Purpose/Importance:</i>	To provide accurate and timely tax information to taxpayers, tax professionals, state officials and the citizens of Texas and to promote voluntary compliance.
<i>Source/Collection:</i>	Information is obtained from a report entitled Agent Evaluation Report generated by the Rockwell Administrator from the Rockwell/Aspect ACD system.
<i>Method of Calculation:</i>	The measure is calculated by dividing the average number of calls handled per work day by the average number of tax specialists available per day. The average number of calls handled per day is determined by dividing the total number of calls handled each month by the number of work days in that month. The average number of tax specialists available per day is automatically calculated by the Agent I Group report.
<i>Data Limitations:</i>	None known
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Percent of Responses Issued by the Tax Policy and Tax Policy Support Areas within Seven Working Days

<i>Short Definition:</i>	This measure reflects the percentage of responses issued by the Tax Policy and Tax Policy Support areas within seven working days.
<i>Purpose/Importance:</i>	This measure reflects the percentage of correspondence assigned to the Tax Policy and Tax Policy Support areas to which a response was issued within seven working days. It is our primary method of monitoring turnaround time.
<i>Source/Collection:</i>	The information is received from the Agency Work Manager System Report ID-3503, Processing Time Percentages in Working Days.
<i>Method of Calculation:</i>	The percent of responses issued by the Tax Policy and Tax Policy Support areas within seven working days is automatically calculated by running processing time percentages on the Agency Work Manager System.
<i>Data Limitations:</i>	None known
<i>Calculation Type:</i>	Non-cumulative

<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Average Overall Monitoring Score for Tax Assistance Telephone Specialists	
<i>Short Definition:</i>	Telephone specialists in Tax Assistance are regularly monitored by their supervisors on how they handle phone calls based on predetermined criteria.
<i>Purpose/Importance:</i>	This measure assists in determining the quality and accuracy of the information being disseminated by the Tax Assistance telephone specialist.
<i>Source/Collection:</i>	The supervisors in Tax Assistance gather information on Tax Assistance Telephone Specialists. These statistics are calculated and maintained on a management summary file.
<i>Method of Calculation:</i>	The average is computed by adding together the weekly monitoring scores and dividing this number by the total number of weekly monitoring sessions for the month. The monitoring scores are computed by the supervisors in Tax Assistance and are determined by supervisors monitoring incoming phone calls and grading how these phone calls are handled based on predetermined criteria.
<i>Data Limitations:</i>	None known
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Number of Taxpayers Participating in Independent Audit Reviews	
<i>Short Definition:</i>	The count of taxpayers who request and attend a meeting with an Independent Audit Reviewer.
<i>Purpose/Importance:</i>	Can reduce or eliminate the burdens and costs associated with participating in the hearings process for both the taxpayer and the state.
<i>Source/Collection:</i>	Reported monthly via e-mail from the Independent Audit Reviewers and summarized on the general performance summary spreadsheet for that month and fiscal year.
<i>Method of Calculation:</i>	As reported monthly by the Independent Audit Reviewers, a count of the total number of taxpayers who request and attend (either in person or through a representative) a meeting with an Independent Audit Reviewer (IAR) concerning contested issues in their audit. The count of taxpayers participating would be taken from the "Independent Audit Review Report Form" issued by the IAR. If more than one taxpayer is represented at a conference, the count would reflect the actual number of taxpayers represented, even though only one conference and report form was generated. This is a manual count gathered on a monthly basis from the various IARs.
<i>Data Limitations:</i>	Often driven by complex, external factors such as taxpayer requests, consultant's activities, tax law issues and rulings.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desire Performance:</i>	Target or higher

STRATEGY: TAX HEARINGS

Measure: Percentage of All Cases In Which Position Letters Are Issued Within 90 Days of Receipt of the File in the Administrative Hearings Section

Short Definition: A position letter analyzes and responds to the statement of grounds filed by the taxpayer when a hearing is requested. The position letter is considered issued when it is mailed, hand delivered, or transmitted via facsimile transmission.

Purpose/Importance: This measure indicates the percentage of position letters that the Assistant General Counsels in the Administrative Hearings Section issue within the 90 working-day/135 calendar-day window, and it is important because it reflects how promptly taxpayer's objections are handled.

Source/Collection: Count the number of position letters that the Assistant General Counsels in the Administrative Hearings Section issue within a reporting period and compare that number to the number of position letters that the Assistant General Counsels in the Administrative Hearings Section issue within the 90 working-day/135 calendar-day window, and the percentage is reflected. Data is maintained in the CPA's Hearings Tracking System (HTS) mainframe application. To obtain the percentage, the position letters' issue date must be within the parameters of the reporting period.

Method of Calculation: Using the HTS mainframe computer application as the source of data, the number of position letters that the Assistant General Counsels in the Administrative Hearings Section issue within 90 working days or less of the Administrative Hearings Section's receipt of the case is calculated, and this number is divided by the total number of position letters issued to arrive at the percentage. Ninety working days will be defined as 135 calendar days, excluding hold periods, which is a period of time during which action on a case is abated because of policy review, court action, bankruptcy and other considerations.

Data Limitations: HTS report has well-defined parameters and criteria for each reporting period.

Calculation Type: Non-cumulative

New Measure: No

Desired Performance: Target or higher

Measure: Number of Position Letters Issued

Short Definition: A position letter (PL) analyzes and responds to the statement of grounds filed by a taxpayer when a hearing is requested. The PL is issued when it is mailed, delivered or transmitted via facsimile transmission.

Purpose/Importance: This measure provides the total number of PLs issued each fiscal year by the Administrative Hearings Section, and it is important because it reflects the overall performance when compared with the number of hearings that taxpayers request.

Source/Collection: The total number of PLs issued is obtained through reports generated from the Hearings Tracking System (HTS). The issue date of the PL, which is recorded in the HTS, must be within the parameters of the reporting period.

Method of Calculation: Using the agency HTS mainframe computer applications as the source of data, the number of PLs issued to taxpayers is calculated.

Data Limitations: HTS report has well-defined parameters and criteria for each reporting period.

Calculation Type: Cumulative

New Measure: No

<i>Desired Performance:</i>	Target or higher
Measure: Average Length of Time (work days) Taken to Issue a Position Letter for All Cases Received by the Administrative Hearings Section	
<i>Short Definition:</i>	A position letter (PL) analyzes and responds to the statement of grounds filed by a taxpayer when a hearing is requested. The PL is considered issued when it is mailed, hand delivered or transmitted via facsimile transmission.
<i>Purpose/Importance:</i>	This measure averages the number of work days that it takes the Assistant General Counsels to issue PLs in all cases after the Administrative Hearings Section receives the request for a hearing. It is important because it reflects how promptly taxpayer's objections are handled.
<i>Source/Collection:</i>	PL issue dates of all cases are entered into the Hearings Tracking System (HTS) daily. A HTS report determines the number of PLs issued within the parameters of the reporting period, counts the number of days (excluding hold periods) between the date on which the Administrative Hearings Section received the case, and the date on which the PL was issued, and then averages the length of time taken by the Assistant General Counsels to issue PLs in all cases during the reporting period. Data is maintained within the HTS, and the PL issue date must be within the parameters of the reporting period.
<i>Method of Calculation:</i>	Using the HTS mainframe computer application as the source of data, the number reflects the average count of working days from when the Administrative Hearings Section receives a case file and when a PL is issued in the case, excluding hold periods. A hold period is the period of time during which action on a case is abated because of policy review, court action, bankruptcy or other considerations.
<i>Data Limitations:</i>	HTS report has well-defined parameters and criteria for each reporting period.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower
Measure: Number of New Requests for Hearings Received in Administrative Hearings Section	
<i>Short Definition:</i>	Using the agency's Hearings Tracking System (HTS) mainframe computer application as the source of data the number of new requests for hearings received in Administrative Hearings Section is calculated.
<i>Purpose/Importance:</i>	This measure counts the number of new cases that enter the administrative hearings process, and when added to the number of cases that are already in the process, the Administrative Hearings Section (AHS) is able to determine the average number of cases that are assigned to its Assistant General Counsels. By review of the new requests for hearing, AHS managers can determine the types and complexity of cases that enter the process.
<i>Source/Collection:</i>	Count the total number of new hearings that AHS receives during a reporting period. The data is maintained within the HTS, and a new hearing must be received during the parameters of the reporting period to be reflected on the HTS report.
<i>Method of Calculation:</i>	Using the agency's HTS mainframe computer application as the source of data, the number of new requests for hearings that AHS receives is calculated.
<i>Data Limitations:</i>	HTS report has well-defined parameters and criteria for each reporting period.
<i>Calculation Type:</i>	Cumulative

New Measure: No

Desired Performance: Target or lower

STRATEGY: PROJECT, ACCOUNT, AUDIT AND REPORT THE STATE'S RECEIPTS, CLAIMS AND DISBURSEMENTS

Measure: Percent of Targeted State Agencies With Improved Performance

Short Definition: The percent of targeted state agencies and institutions of higher education, which, over the course of the year, improve their performance in selected areas from the previous fiscal year.

Purpose/Importance: This measure is intended to gauge Fiscal Management Division's performance in providing information and assistance to state agencies regarding applicable statutes, administrative rules and guidelines.

Source/Collection: Prior to the beginning of the fiscal year, the Expenditure Audit section will review a database that contains relevant information. Areas of focus may include, but are not limited to, late interest paid, number of warrant cancellations, number of Letters of Authority (LOAs), ITV payments, cancellations, contractual agreements, etc. Based on this review, the Expenditure Audit section will identify poorly performing areas and select a group of agencies to apply appropriate strategies (training, one-on-one meetings, etc.) to improve their performance. The targeted agencies' initial performance level will be used to gauge improvement at year end.

Method of Calculation: A spreadsheet will track performance of selected state agencies each year. Although the targeted agencies and areas of focus may change from year to year, the method for calculating the percent of targeted agencies with improved performance will remain the same from year to year. It will consist of : 1) Prior to the beginning of the fiscal year, poorly performing specific areas will be selected for analysis and tracking; 2) A group of poorly performing state agencies will be targeted for appropriate strategies (training, etc.); 3) These targeted agencies' performance will be tracked throughout the year to see if the chosen strategies are improving performance; 4) At year end, the Expenditure Audit section will extract performance results and compare to the beginning of the fiscal year to determine if performance improved in any of the focus areas; 5) Total number of agencies with improved performance divided by total targeted agencies equals percent of targeted state agencies with improved performance.

Data Limitations: None

Calculation Type: Non-cumulative

New Measure: No

Desired Performance: Target or higher

Measure: Percentage of Proposed State Expenditures Guaranteed to be Entirely Supported by a Valid Revenue Estimate Before Certification of the General Appropriations Bill for the Next Biennium

Short Definition: The total percentage of all program costs in the General Appropriations Act and other legislation containing appropriations that are supported by estimated revenues.

Purpose/Importance: Demonstrates whether proposed appropriations are supported by the Comptroller's revenue estimates.

<i>Source/Collection:</i>	Bills are reviewed by the Legislative Analysis Group and forwarded to divisions to identify those that generate revenue or appropriate expenditures. All identified bills are forwarded to the Appropriations Control section of the Fund Accounting Division where a manual “costing” process is applied to each bill.
<i>Method of Calculation:</i>	This measure is calculated by dividing the total revenue estimate by total program costs in the General Appropriations Bill and other appropriation bills, limiting the result to 100%.
<i>Data Limitations:</i>	Revenue Estimating Division estimates revenue used in the calculation.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Percentage of Fiscal Management Division Customers Who Return an Overall Customer Service Rating of Good or Excellent on the Fiscal Management Customer Service Survey	
<i>Short Definition:</i>	This number represents the number of users who returned a good (4) or excellent (5) rating for the overall customer satisfaction question on the customer service survey expressed as a percentage of the total surveys returned.
<i>Purpose/Importance:</i>	This measure provides an indication of the level of customer service provided by Fiscal Management staff and identifies any areas that may need improvement or enhancement.
<i>Source/Collection:</i>	Customer service surveys returned from all state agencies annually.
<i>Method of Calculation:</i>	This measure is calculated by taking the total number of good or excellent customer responses to the Overall Satisfaction survey question and dividing this total by the total number of surveys returned.
<i>Data Limitations:</i>	None. Note: Customer service surveys are well defined, but are dependent on a successful return rate from the customer.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Average Percent Variance (plus or minus) Between Estimated and Actual Total Revenue Collections	
<i>Short Definition:</i>	The difference between estimated revenues in the General Revenue Fund for a 3-year period covered by the Biennial Revenue Estimate (BRE) or Certification Revenue Estimate (CRE) and the actual General Revenue Fund revenues (for the same 3-year period). Either the post-session Certification Revenue Estimate (CRE) or the earlier pre-session BRE, depending upon the actions of the Legislature, will be the basis from which to compare the estimated revenue for the upcoming biennium with the actual revenue for the biennium.
<i>Purpose/Importance:</i>	As directed by the State Constitution (Article III, Section 49a), the Comptroller must provide the Legislature and the Governor with a Biennial Revenue Estimate (BRE) at the beginning of each legislative regular session. The BRE contains a forecast of all state revenues expected for the remainder of the current fiscal year in which the BRE is prepared, along with revenues for the upcoming biennium for which the Legislature will be preparing a budget, a total of 3 fiscal years. The Comptroller also must certify that there will be sufficient revenue to cover the state budget as passed by the Legislature before the appropriations bill is sent to the Governor.

<i>Source/Collection:</i>	This figure is obtained from reports produced using computer programs maintained by the Revenue Estimating Division. Note that the estimated and actual figures are only for unappropriated General Revenue Fund revenues, and that some General Revenue Fund balances are not included in funds available for certification (such as gross lottery proceeds and oil overcharge receipts) because they are not available for general purpose appropriations.
<i>Method of Calculation:</i>	The average percent variance is computed by taking the difference between estimated revenues in the General Revenue Fund for the three year period covered by the BRE or CRE and the actual General Revenue Fund revenues (for the same three year period), and dividing by the actual revenues. Revenue Estimating staff maintains programs which compile the necessary statistics from the agency's accounting databases.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No.
<i>Desired Performance:</i>	Target or lower
Measure: Percent of All Payments Issued Via Direct Deposit (Excluding WES Child Support Payments)	
<i>Short Definition:</i>	The percent of all payments, except Warrant Express System (WES) Child Support payments, made by the state that are paid via a direct deposit transaction.
<i>Purpose/Importance:</i>	The purpose of this measure is to track and measure the relationship between payments made through direct deposit and the total number of payments (warrant and direct deposit excluding WES Child Support Warrants).
<i>Source/Collection:</i>	A) Total Warrants: Total number of warrants (excluding WES Child Support warrants) from: 1) Daily USAS report DAFR3671 (Daily Warrant Transmittal Report); 2) Daily USAS report DAFR3641 (Payment Number Assignment Summary), excluding WES Child Support warrants; 3) Daily USPS Report 666 (Daily Warrant Transmittal Report); 4) SPRS Register SPRREG-7 (Standardized Payroll/ Personnel Reporting System); 5) All Expedites (Daily Manual Expedite Warrant Register). B) Total Payroll and Retirement via Direct Deposit: Totals from Direct Deposit Transmittal Acceptance Screen (daily screen print from mainframe). C) Total Bills via Direct Deposit: Direct Deposit Transmittal Acceptance Screen (daily screen print from mainframe) (Bills plus Travel). D) Total number of payments issued equals A + B + C.
<i>Method of Calculation:</i>	Percent of Total Payments Issued via Direct Deposit equals B + C divided by D, where B, C, and D are defined as: A) Total Warrants: Total number of warrants (excluding WES Child Support warrants) from: 1) Daily USAS report DAFR3671 (Daily Warrant Transmittal Report); 2) Daily USAS report DAFR3641 (Payment Number Assignment Summary), excluding WES Child Support warrants; 3) Daily USPS Report 666 (Daily Warrant Transmittal Report); 4) SPRS Register SPRREG-7 (Standardized Payroll/Personnel Reporting System); 5) All Expedites (Daily Manual Expedite Warrant Register). B) Total Payroll and Retirement via Direct Deposit: Totals from Direct Deposit Transmittal Acceptance Screen (daily screen print from mainframe). C) Total Bills via Direct Deposit: Direct Deposit Transmittal Acceptance Screen (daily screen print from mainframe) (Bills plus Travel). D) Total number of payments issued equals A + B + C.
<i>Data Limitations:</i>	The reported percentage incorporates the entire population of payments except (OAG) WES Child Support Payments. Direct Deposit is voluntary and the volume of activity is not within the agency's control.
<i>Calculation Type:</i>	Non-cumulative

<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Number of Financial Reports Published by Their Statutory Deadline	
<i>Short Definition:</i>	The Cash Report and the CAFR are published by their due dates if they are published by the first Monday in November and the last day of February, respectively.
<i>Purpose/Importance:</i>	The division has enhanced its processes to produce the two reports in a more efficient manner. This measure interacts directly with the two efficiency measures which track the number of staff hours required to produce each report.
<i>Source/Collection:</i>	A manual record maintained by the division of the dates of delivery of statutory reports.
<i>Method of Calculation:</i>	A sum of the number of financial reports published by the statutory deadlines.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Number of Texas Economic Update Reports Published Each Fiscal Year	
<i>Short Definition:</i>	The Texas Economic Update (TEU) reports the results of the most recent state economic forecast and the latest economic indicators to a readership interested in detailed economic information. The TEU also contains articles that analyze current economic or demographic topics and an appendix with numerous detailed economic and demographic tables and figures.
<i>Purpose/Importance:</i>	Each TEU provides an analysis of current state economic conditions, results from the latest state economic and demographic forecasts, articles on major industries in Texas or other issues relevant to the economy and an appendix with detailed economic and demographic data. The process of developing written analyses of these forecasts, along with the feedback received from TEU readers, helps the division in evaluating its forecasting work. The TEU also serves as a vehicle for disseminating useful information to interested parties in the state.
<i>Source/Collection:</i>	A manual count of the number of reports produced in each fiscal year is maintained by the agency's publications section.
<i>Method of Calculation:</i>	The reported number of TEUs in a fiscal year is the sum of a manual count maintained by the agency's publications section.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Total Number of Payments (Excluding WES Child Support Payments) Issued	
<i>Short Definition:</i>	The total number of payments issued is the total of all payments issued through warrants (except WES Child Support payments) and electronically via direct deposit.

<i>Purpose/Importance:</i>	This measure is used to monitor the total volume of all payments issued through warrants and electronically via direct deposit. It is important because it allows us to make projections in terms of quantities of supplies (warrant stock) and in terms of staff required for warrant distribution and administration.
<i>Source/Collection:</i>	A) Warrant Data is collected from the: 1) Daily USAS report DAFR3671 (Daily Warrant Transmittal Report); 2) Daily USAS report DAFR 3641 (Payment Number Assignment Summary), excluding WES Child Support payments; 3) Daily USPS Report 666 (Daily Warrant Transmittal Report); 4) SPRS Register SPRREG-7 (Standardized Payroll/ Personnel Reporting System). B) Direct Deposit Data is collected from the Direct Deposit Transmittal Acceptance Screen (daily screen print from mainframe). C) Expedite Data is collected from the All Expedites (Daily Manual Expedite Warrant Register).
<i>Method of Calculation:</i>	The total number of payments issued is the sum of A, (excluding WES Child Support payments), B, and C, where A, B, and C are defined as: A) Warrant Data is collected from the: 1) Daily USAS report DAFR3671 (Daily Warrant Transmittal Report); 2) Daily USAS report DAFR 3641 (Payment Number Assignment Summary), excluding WES Child Support payments; 3) Daily USPS Report 666 (Daily Warrant Transmittal Report); 4) SPRS Register SPRREG-7 (Standardized Payroll/Personnel Reporting System). B) Direct Deposit Data is collected from the Direct Deposit Transmittal Acceptance Screen (daily screen print from mainframe). C) Expedite Data is collected from the All Expedites (Daily Manual Expedite Warrant Register).
<i>Data Limitations:</i>	The source data is taken from the entire population of payments via warrants, payroll and retirement payments issued via direct deposit, and the entire population of bill payments issued via direct deposit. The number of payments is based on how agencies submit transactions into USAS and their payment due date based on prompt payment requirements. The overall volume of activity is not within our control.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower

Measure: Number of Post-Payment Audit Reviews Completed

<i>Short Definition:</i>	The measure is the quantity of state agency post-payment audits completed each fiscal year.
<i>Purpose/Importance:</i>	The division's goal is to complete post-payment audits of those state agencies included in the audit plan developed by the Expenditure Audit section each fiscal year.
<i>Source/Collection:</i>	The source documents used to collect the data are the final audit reports sent to state agencies.
<i>Method of Calculation:</i>	The total of all final audit reports sent to state agencies each fiscal year. This data will be tracked by the Expenditure Audit Section
<i>Data Limitations:</i>	The source data is taken from the entire population of final audit reports issued
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Percentage of Ad Hoc Report Requests Responded to Within Ten Working Days in Compliance with the Texas Public Information Act	
<i>Short Definition:</i>	Percent of ad hoc report requests from the State Government Accounting systems responded to within ten working days in compliance with the Texas Public Information Act. The response may include a completed report or written acknowledgement that the request has been received.
<i>Purpose/Importance:</i>	This measure provides an indication of the responsiveness of Fiscal Management staff in generating a response to ad hoc report requests, compliance with the ten day mandate, and resource requirements needed to perform the function.
<i>Source/Collection:</i>	All ad hoc requests are logged into the Open Records Tracking System. Statistics can be obtained from this system, including percentage of requests responded to within ten working days.
<i>Method of Calculation:</i>	The percentage will be calculated by using the total number of ad hoc report requests responded to within ten working days divided by the total number of ad hoc report requests received.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Percent of Payroll and Retirement Payments Issued Via Direct Deposit	
<i>Short Definition:</i>	The percent of payroll and retirement payments issued by the state that are paid via a direct deposit transaction.
<i>Purpose/Importance:</i>	The purpose of this measure is to track and measure the relationship between payroll and retirement payments made through direct deposit and the total number of payroll and retirement payments.
<i>Source/Collection:</i>	A) Total warrant data is collected from: 1) Daily USAS report DAFR 3671 (Daily Warrant Transmittal Report) 2) Daily USAS report DAFR 3641 (Payment Number Assignment Summary), excluding WES Child Support payments 3) Daily USPS report 666 (Daily Warrant Transmittal Report) 4) SPRS Register SPRREG-7 (Standardized Payroll/Personnel Reporting System) B) Payroll and retirement direct deposit data is collected from: Direct Deposit Transmittal Acceptance Screen (daily screen print from mainframe) C) Total number of payroll and retirement payments equals A + B.
<i>Method of Calculation:</i>	Percent of payroll and retirement payments issued via direct deposit equals B divided by C, where B and C are defined as: A) Total warrant data is collected from: 1) Daily USAS report DAFR 3671 (Daily Warrant Transmittal Report); 2) Daily USAS report DAFR 3641 (Payment Number Assignment Summary), excluding WES Child Support payments; 3) Daily USPS report 666 (Daily Warrant Transmittal Report); 4) SPRS Register SPRREG-7 (Standardized Payroll/Personnel Reporting System); B) Payroll and retirement direct deposit data is collected from: Direct Deposit Transmittal Acceptance Screen (daily screen print from mainframe). C) Total number of payroll and retirement payments equals A + B.
<i>Data Limitations:</i>	The reported percentage incorporates the entire population of payroll and retirement payments. Direct deposit is voluntary and the volume of activity is not within our control.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Percent of Bill Payments Issued Via Direct Deposit	
<i>Short Definition:</i>	The percent of all bill payments issued by the state that are paid via a direct deposit transaction.
<i>Purpose/Importance:</i>	The purpose of this measure is to track and measure the relationship between bill payments made through direct deposit and the total number of bill payments.
<i>Source/Collection:</i>	A) Total warrant data is collected from the Daily USAS report DAFR3641 (Payment Number Assignment Summary), excluding WES Child Support and Payroll and Retirement warrants. B) Total direct deposit of bills data is collected from the Direct Deposit Transmittal Acceptance Screen (daily screen print from the mainframe) (Bills + Travel). C) Total number of bill payments equals A + B.
<i>Method of Calculation:</i>	Percent of bill payments issued via direct deposit equals B divided by C, where B and C are defined as: A) Total warrant data is collected from the Daily USAS report DAFR3641 (Payment Number Assignment Summary), excluding WES Child Support and Payroll and Retirement warrants. B) Total direct deposit of bills data is collected from the Direct Deposit Transmittal Acceptance Screen (daily screen print from the mainframe) (Bills + Travel). C) Total number of bill payments equals A + B.
<i>Data Limitations:</i>	The reported percentage incorporates the entire population of bill payments. Direct deposit is voluntary and the volume of activity is not within our control.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Number of WES Child Support Payments Issued	
<i>Short Definition:</i>	The total number of payments issued is the total of all WES Child Support payments issued through warrants by the OAG.
<i>Purpose/Importance:</i>	This measure is used to monitor the total volume of the Office of Attorney General's child support payments issued through warrants. It is important because it allows us to make projections in terms of quantities of supplies (warrant stock) and in terms of staff required for warrant distribution and administration
<i>Source/Collection:</i>	Data is collected from the daily USAS report DAFR3641, Payment Number Assignment Summary
<i>Method of Calculation:</i>	Sum the number of WES Child Support payments listed on each daily DAFR3641 for the month
<i>Data Limitations:</i>	The number of WES Child Support payments is based on the volume of payments the Office of the Attorney General transmits to us for payment. The overall volume of activity is not within our control.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower

STRATEGY: PROPERTY TAX PROGRAM

Measure: Percentage of Target Independent School Districts' Total Statewide Value in Which PTD Met the Target Margin of Error	
<i>Short Definition:</i>	The percentage of Independent School Districts' (ISDs) statewide total value that had an actual margin of error at or less than PTD's target margin of error for its estimates of ISD property tax values at the 95% level of statistical confidence. ISDs that fall within the 5% tolerance range are determined after calculating the variance around weighted mean ratios plus non-random census values.
<i>Purpose/Importance:</i>	To measure the precision of the Property Value Study (PVS) conducted by the Property Tax Division.
<i>Source/Collection:</i>	The ratios are calculated and maintained by the Information Technology Division on the Property Tax System (PTS) mainframe system.
<i>Method of Calculation:</i>	A sum of the total value of ISDs in which the actual margin of error is at or below the targeted margin of error divided by the targeted percentage of total ISD statewide value (95% of the total ISD value studied). This quotient is then multiplied by 100%.
<i>Data Limitations:</i>	Availability of sales data from County Appraisal Districts (CADs) and Multiple Listing Service (MLS) real estate data. Affected by CAD performance. CADs with very poor performance may require unattainable sample size.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Number of Properties Included in the Property Value Study	
<i>Short Definition:</i>	The total number of property value ratios (i.e. actual comparisons of CAD tax roll values in a given ISD to PTD researched market sales and/or appraised values) included in the "current" PVS for the purpose of determining ISD taxable values for certification to the Texas Education Agency (TEA) in July. The number does not include any sales gathered that are not included in the annual PVS.
<i>Purpose/Importance:</i>	Necessary for completion of statutorily mandated annual Property Value Study.
<i>Source/Collection:</i>	The Field Appraiser System (FAS) Database is the source document for actual property value and appraisal information. These monthly totals are compared with the County Appraisal District (CAD) tax roll values.
<i>Method of Calculation:</i>	The number is calculated by summing the number of comparisons used in the PVS.
<i>Data Limitations:</i>	Accurate reporting by Field Appraisers and Contract Appraisers and number of staff available.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Number of Publications Produced	
<i>Short Definition:</i>	The number of property tax related publications written or updated for distribution to taxpayers, appraisal districts, taxing jurisdictions, other property tax professionals, state officials, the media and the public.
<i>Purpose/Importance:</i>	Provides vital information concerning property tax data to interested parties
<i>Source/Collection:</i>	Division maintains files of completed publications.
<i>Method of Calculation:</i>	Manual summation of the number of publications sent to the print shop, photocopied by PTD, or sent to Quick Copy for reproduction.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Number of Technical Assistance Responses Provided	
<i>Short Definition:</i>	The number of telephone and written responses to property tax information inquiries from taxpayers, appraisal districts, taxing jurisdictions, other property tax professionals, state officials and the media.
<i>Purpose/Importance:</i>	To provide customer service and maintain customer satisfaction
<i>Source/Collection:</i>	Manual collection of telephone, correspondence, fax logs, media releases, notices, and meeting/seminar attendance records. This number also includes attendance at property tax seminars where PTD staff presents information.
<i>Method of Calculation:</i>	Manual summation of information captured in logs and staff time accounting sheets
<i>Data Limitations:</i>	Dependent on customer demands, and fluctuates between legislative years and non-legislative years.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Average Direct Cost Per Property Included in the Property Value Study	
<i>Short Definition:</i>	The average total direct annualized cost of each property (value comparison or ratio) used in the annual Property Value Study (PVS).
<i>Purpose/Importance:</i>	Efficient use of budgeted funds.
<i>Source/Collection:</i>	Direct costs consist of the following: staff salaries from sections within PTD, i.e. Field Studies (100%), Technical Properties (100%), Operations and Information Services (25%), Administration (50%), and Reporting (75%); division travel costs (93%); and data purchases. Direct cost is based on expenses at the end of the fiscal year. Indirect costs of mainframe support and miscellaneous administrative expenses are excluded. Salary, travel, and contract appraiser expenses are maintained by the Budget and Internal Accounting Division. PTD maintains computer files of property value comparisons (or ratios) included in the annual Property Value Study.
<i>Method of Calculation:</i>	This number is equal to the total direct annualized costs of the Property Value Study (PVS) divided by the total number of properties (property value comparisons or ratios) used in the annual PVS.

<i>Data Limitations:</i>	Dependent on number of parcels required. Not all data is available in electronic format at CAD offices. Rural areas have few sales to analyze and more properties must be appraised, which is more expensive.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower
Measure: Percentage of Independent School District Reports of Property Value Produced Electronically from Central Appraisal District (CAD) Appraisal Roll Data	
<i>Short Definition:</i>	The percentage of ISD Reports of Property Value accepted and produced electronically from CAD appraisal roll data.
<i>Purpose/Importance:</i>	Electronic data submission by CADs improves the efficiency of the Property Tax division staff by saving the amount of keystroking required and by limiting data entry error.
<i>Source/Collection:</i>	CADs submit electronic tapes or paper reports by mail. Reports that cannot be produced from electronic appraisal rolls must be completed on paper forms by CADs, or ISDs within a CAD, and sent to PTD.
<i>Method of Calculation:</i>	Manual summation of tapes of ISD Reports of Property Value accepted and produced electronically from CAD appraisal roll data is computed. The number of reports accepted from electronic appraisal roll data is then divided by the total number of reports processed for the annual Property Value Study (generally one per ISD). This quotient is then multiplied by 100%.
<i>Data Limitations:</i>	Some CADs don't have the capability to produce appraisal roll data electronically.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

STRATEGY: FISCAL RESEARCH AND STUDIES

Measure: Percent Increase in the Number of Online Subscribers to Fiscal and Tax Publications	
<i>Short Definition:</i>	In keeping with the agency initiative to provide all publications and numerous services online, the Public Outreach and Strategies Division is asking both current and new subscribers to indicate if they would prefer to receive our publications/periodicals electronically via e-mail rather than in print via the postal service. This measure will track the number of current subscribers who opt to move from paper versions to electronic versions, and the number of new subscribers who request to receive materials electronically when signing up for subscriptions online.
<i>Purpose/Importance:</i>	As an agency initiative to reduce costs for printing and mailing when feasible, we are tracking the number of current and new subscribers to our publications/periodicals who choose to receive the material electronically in lieu of a printed hard copy in the mail. This will save the agency money in paper and postage costs and the subscribers will receive the publications faster.
<i>Source/Collection:</i>	Subscription renewal cards request that the subscriber enter an e-mail address if they prefer to receive the publication electronically via e-mail. The cards are mailed annually and the information is maintained on the publication subscriber lists. In addition, current or new subscribers visiting the online subscription sign-up can elect to receive the publication electronically.

<i>Method of Calculation:</i>	Sum the subscribers who enter e-mail addresses on subscription renewal cards at the end of a fiscal year and subtract the total number of subscribers from the previous fiscal year. Divide the difference by the total number of subscribers from the previous fiscal year. In addition, sum the number of current and new subscribers that elect to receive materials electronically through the online subscription form and track percentage growth from fiscal year to fiscal year.
<i>Data Limitations:</i>	Limited to the number of subscription renewal cards returned and the number of subscribers who request to convert from print to electronic.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Number of Data Requests Completed	
<i>Short Definition:</i>	This number will accurately track all of the data requests received by the Public Outreach and Strategies Division. This will include, but not be limited to, agency employees, other agencies (state, county, local), general public companies/corporations, universities and the Legislature.
<i>Purpose/Importance:</i>	The number of requests is tracked for historical and open records purposes.
<i>Source/Collection:</i>	All requests are tracked on the agency's Open Records Tracking System.
<i>Method of Calculation:</i>	Sum of monthly totals from all tracked requests.
<i>Data Limitations:</i>	Limited to the data stored on the agency's mainframe and any disclosure laws.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Number of Responses Provided to Local Government Requests for Assistance and Information	
<i>Short Definition:</i>	A local government response provides local government management officials of city, county and special purpose districts an opportunity to learn new ideas and best practices in government management.
<i>Purpose/Importance:</i>	The purpose of the response is to provide information and an educational opportunity for a local government to learn about policies and procedures, principles of public administration, best practices and state laws, which will allow it to operate more effectively and efficiently while enhancing economic development opportunities.
<i>Source/Collection:</i>	A response is counted as a direct communication with a local government entity and can take the form of a local government management assessment (LGMA); a control self-assessment (CSA); a Texas EDGE response to a direct question or request for information; or a response to an e-mail or telephone request for local government assistance. LGA staff will maintain a detailed log with contact information and the date the LGMA, CSA, or response was provided.
<i>Method of Calculation:</i>	Each local government response provided will be tracked and manually summed. Each response will count as one.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative

<i>New Measure:</i>	Yes
<i>Desired Performance:</i>	Target or higher
Measure: Number of Local Government Presentations and Regional Workshops Provided	
<i>Short Definition:</i>	A presentation and/or regional workshop regarding local government issues is made when division staff appear before meetings of local government officials, speak at seminars on local government issues, provide training on matters affecting local governments or attend and man information booths at conferences sponsored by local government associations.
<i>Purpose/Importance:</i>	To assist local governments and officials by providing information and training that will facilitate their work on behalf of constituents.
<i>Source/Collection:</i>	A record of presentations and workshops provided is maintained in a database in the division's file server.
<i>Method of Calculation:</i>	Each meeting, seminar, training session and conference attended is counted once.
<i>Data Limitations:</i>	The division has no control over the number of meetings, seminars, training sessions and conferences in which they will be invited to participate.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	Yes
<i>Desired Performance:</i>	Target or higher
Measure: Number of Requests for Local Government Assistance and Information Received	
<i>Short Definition:</i>	A request for assistance or information occurs when: 1) a local government official or other individual contacts a Local Government Assistance Division representative seeking assistance; or 2) seeks the information directly by accessing the division's Web site (http://www.window.state.tx.us/lga/). A request is provided when: 1) the information, product, or service is mailed, phoned or personally delivered to the customer or 2) the person seeking the information accesses it directly from the division's Web site. The primary mode of contact is by direct access to the division's Web site. Requests are also received via the phone, by FAX, letter, electronic exchange (e-mail) and by personal contact.
<i>Purpose/Importance:</i>	To assist local governments, officials and citizens by providing information and resources directly to them or to their elected representatives as well as state agencies.
<i>Source/Collection:</i>	For contacts made by phone, fax, letter or e-mail, completed requests are maintained in a database. For Web site contacts, the contacts are collected electronically and imported into an Excel file that is maintained in the division's file server.
<i>Method of Calculation:</i>	Each request occurrence made by phone, fax, letter or e-mail is counted once; any follow-up calls made by the requester or any contact initiated by a division member to a requester about a previously made request is not to be counted as a new request. Any request that causes production by different areas in the division is counted as request by each affected area. All completed requests are maintained in a database, and each month a total is printed and filed in the division. Each "page view" made on the division's Web site is counted once. The total of "page views" is imported into an Excel spreadsheet, which is printed and kept in the division files.
<i>Data Limitations:</i>	The division has no control over the number of individuals requesting information.
<i>Calculation Type:</i>	Cumulative

<i>New Measure:</i>	Yes
<i>Desired Performance:</i>	Target or higher

STRATEGY: TREASURY

Measure: Percentage of Funds Processed Electronically

<i>Short Definition:</i>	Percentage of total monies processed electronically.
<i>Purpose/Importance:</i>	This measurement reflects the optimum method in which funds can be processed. EFT deposits received and electronic cash letters to banks ensure funds are available more quickly for investment purposes.
<i>Source/Collection:</i>	All deposits (checks and electronic) are captured in the check processing system. Reports are generated using the totals calculated by this system.
<i>Method of Calculation:</i>	The check processing system calculates the availability of funds for every deposited item based on schedules provided by clearing banks for electronic cash letters. The system also provides data to calculate the percentage of electronic transactions.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Number of Rapid Deposit Transactions Processed

<i>Short Definition:</i>	The total number of: Automated Clearing House (ACH) entries originated and received, wire transfers received in the TEXNET program and payments processed by the Lockbox area. An ACH transaction is considered processed when the ACH entry is successfully transmitted to or received from the bank and the appropriate deposit or return document is produced. A wire transfer is considered processed when notification of payment is received from the Investment Division and a deposit document is produced. Lockbox transactions are considered processed when payments processed by the Lockbox area are delivered to the Transit area for deposit.
<i>Purpose/Importance:</i>	This measurement reflects the results of the Banking and Electronic Processing (BEP) Division encouraging the use of innovative cash management ("rapid deposit") programs that speed up the deposit of revenue so funds may be invested as soon as possible.
<i>Source/Collection:</i>	Reports to calculate the number of transactions processed come from the EFT/EDI system and lockbox applications.
<i>Method of Calculation:</i>	Reports from EFT/EDI systems and lockbox applications are manually entered onto summary spreadsheets that cumulatively total all transactions processed.
<i>Data Limitations:</i>	Some rapid deposit programs are required by statute, so their use is not solely the result of encouragement by the BEP Division. The BEP Division cannot encourage the use of Lockbox transactions due to constraints on number of staff persons.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No

<i>Desired Performance:</i>	Target or higher
Measure: Number of Checks Deposited	
<i>Short Definition:</i>	The total number of checks processed through the Banking and Electronic Processing Division for deposit to the state.
<i>Purpose/Importance:</i>	The measure is an indicator of the amount of work processed by the Check Processing staff.
<i>Source/Collection:</i>	A report, "Item Count Report - Checks and Warrants", produced by the Item Processing System, contains the number of checks deposited.
<i>Method of Calculation:</i>	The Item Processing System automatically counts the number of checks processed.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Number of Warrants Processed	
<i>Short Definition:</i>	The total number of warrants processed. Warrants are considered processed when they are either paid or returned.
<i>Purpose/Importance:</i>	This measure is an indicator of the amount of work performed by the Warrant Section staff.
<i>Source/Collection:</i>	A monthly summary report, the "Item Count Report - Checks and Warrants," containing the total number of warrants processed is produced by the Item Processing System.
<i>Method of Calculation:</i>	The Item Processing System automatically counts the number of warrants processed.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Number of State Depository Bank Account Reconciliations Performed	
<i>Short Definition:</i>	The number of state depository bank account reconciliations performed.
<i>Purpose/Importance:</i>	This measure indicates reconciliation workload volumes managed by Treasury Accounting personnel.
<i>Source/Collection:</i>	The CMD260 Report from the Cash Management System provides the number of Open Time Accounts (investment accounts). The Interactive Voice Response (IVR) System and the "missing statement" report from the Concentration System are netted to provide the number of reconciled monthly Concentration Accounts (field office accounts). An ad hoc report from the Cash Management System provides the number of NOW accounts (state's operating accounts - interest earning accounts).
<i>Method of Calculation:</i>	NOW accounts are reconciled daily. The sum of NOW accounts reconciled daily is manually added to the number of Open Time accounts and Concentration accounts reconciled monthly to arrive at the total number of reconciliations performed monthly.

<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Average Daily Amount of Securities and Assets Safekept	
<i>Short Definition:</i>	The average daily amount of securities and assets safekept represents the sum of the average daily balances of agency investment securities safekept (most are owned by the Water Development Board), securities held in trust for state agencies (e.g. Department of Insurance), and collateral pledged by financial institutions holding state deposits. These numbers do not include the value of items collected from bank safe-deposit boxes or stock certificates held in the vault for Unclaimed Property.
<i>Purpose/Importance:</i>	The average daily amount of securities and assets safekept is an important indicator of state agency and depository activity and helps in anticipating Securities Management's workload.
<i>Source/Collection:</i>	Information used to calculate an overall average daily amount of securities and assets safekept is obtained from two Securities Management network clipper systems (the "agency" system and the "trust" system) and one mainframe system, the collateral management system.
<i>Method of Calculation:</i>	At the end of each fiscal year, a computer program is run on both the agency and trust systems which automatically calculate an average daily balance of securities held in each system. The report that is generated is the "Average Daily Balance Report." A Lotus spreadsheet is used by Securities Management staff to calculate the average daily balance of securities pledged as collateral by state depositories. The average daily balances from each system are then summed.
<i>Data Limitations:</i>	None. Note: The data is valid. The amount of securities and assets safekept, however, is determined by participating entities.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

STRATEGY: TEXAS PROCUREMENT AND SUPPORT SERVICES (TPASS)	
Measure: Number of New HUBs Certified	
<i>Short Definition:</i>	Number of new HUBs certified during a reporting period.
<i>Purpose/Importance:</i>	Increasing the number of HUBs will increase state agencies' and institutes of higher education's ability to contract with HUBs. The number of new certified HUBs can best measure the program growth based on vendors that meet the certification criteria.
<i>Source/Collection:</i>	VAX and hard copy documentation of HUB certifications.
<i>Method of Calculation:</i>	The HUB program staff will set report parameters, with the actual report being generated from the VAX by the Information Systems Division. The HUB application will include a tracking mechanism to identify the number of applications received.

<i>Data Limitations:</i>	Data is currently available on VAX; however, additional controls will be required to further differentiate between new HUB certifications and re-certifications.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Percent Increase in Dollar Value of Purchases Made Through Term Contracts for the CO-OP Program Members	
<i>Short Definition:</i>	The increase in dollar value of purchases made through term contracts for the Cooperative (CO-OP) program compared to the dollar value of purchases made by the CO-OP members through term contracts in the previous (baseline) year.
<i>Purpose/Importance:</i>	The CO-OP program expands availability of competitively bid goods and services to governmental entities such as cities, counties, and school districts. Increasing the dollar value of purchases made through the CO-OP program allows the state to maximize its volume buying power, resulting in lower costs to all state agencies. It also provides the CO-OP members with a cost-effective procurement mechanism.
<i>Source/Collection:</i>	VAX CO-OP Database
<i>Method of Calculation:</i>	The increase in the dollar value of purchases made through the CO-OP Program on term contracts will be calculated as the difference between the dollar value of the purchases made during the current fiscal year and the dollar value of purchases made during the same reporting period during the previous fiscal year on term contracts. The increase in the dollar value of purchases will be divided by the total dollar value of the purchases to determine the percent increase in CO-OP purchases on term contracts.
<i>Data Limitations:</i>	Measure reporting is dependent on CO-OP members submitting term contract orders through the VAX CO-OP database statewide purchasing system, or reporting term contracts orders when not using the system.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Percent of Statewide Term Contracts Utilized	
<i>Short Definition:</i>	The percentage of statewide term contracts utilized during the reporting period.
<i>Purpose/Importance:</i>	Statewide term contracts represent sourcing initiatives that meet or exceed the needs of our customers and that aim to drive down prices for the state taxpayers. By understanding statewide term contract utilization, we will be able to better provide the tools and services necessary for our clients.
<i>Source/Collection:</i>	VAX Term Contract Database
<i>Method of Calculation:</i>	Number of statewide contracts utilized divided by the total number of statewide contracts available.
<i>Data Limitations:</i>	Purchases made on term contract outside of the state's purchasing system will not be captured.
<i>Calculation Type:</i>	Non-Cumulative

<i>New Measure:</i>	Yes
<i>Desired Performance:</i>	Target or higher
Measure: Presort and Barcode Savings Achieved	
<i>Short Definition:</i>	Cumulative report of the dollar value, expressed in thousands, of postage savings achieved for all classes of mail processed receiving postage discounts for presorting and/or bar coding.
<i>Purpose/Importance:</i>	Measures postage savings achieved for all classes of mail by using presort and bar coding methods to process the mail.
<i>Source/Collection:</i>	Vendor invoices and current mailing rates.
<i>Method of Calculation:</i>	Volume information is calculated from vendor invoices. Quarterly savings are calculated by applying the contract costs to monthly volume and comparing it to the same volume at the full postage rate.
<i>Data Limitations:</i>	Mail volume is customer driven and postage rates are influenced by external factors.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	Yes
<i>Desired Performance:</i>	Target or higher
Measure: Number of New, Revised and Renewed Statewide Volume Contracts Awarded	
<i>Short Definition:</i>	The number of new, revised, and renewed statewide volume contracts awarded during the quarter.
<i>Purpose/Importance:</i>	Statewide volume contracts allow the state to maximize the benefits of volume buying, thereby increasing cost-savings.
<i>Source/Collection:</i>	Total number of new, revised, and renewed statewide volume contracts based on information entered into an automated tracking system.
<i>Method of Calculation:</i>	Total number of new, revised, and renewed statewide volume contracts awarded by end of quarter.
<i>Data Limitations:</i>	Contingent on customer agencies needs for common goods and services.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Number of Solicitations Reviewed for Agencies and Delegated to Agencies	
<i>Short Definition:</i>	The number of solicitations reviewed by TPASS staff and delegated to agencies for solicitation and contract award.
<i>Purpose/Importance:</i>	State agencies rely on the TPASS procurement expertise to review and provide guidance on various procurement solicitations (RFPs, etc) that are then returned to the agency for solicitation and award.
<i>Source/Collection:</i>	CATRAD Web-based system.
<i>Method of Calculation:</i>	Total number of solicitations reviewed and delegated to agencies.

<i>Data Limitations:</i>	Contingent on customer agency requests for review of solicitations.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Number of Contracts Awarded for Other State Agencies	
<i>Short Definition:</i>	Number of solicitations reviewed and awarded for other state agencies.
<i>Purpose/Importance:</i>	Agencies rely on TPASS procurement expertise to award certain contracts procured through an RFP process.
<i>Source/Collection:</i>	VAX monthly report.
<i>Method of Calculation:</i>	Total number of contracts awarded for other agencies.
<i>Data Limitations:</i>	Contingent on expertise and requirements of customer agencies.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Number of New Purchasing Certifications Issued	
<i>Short Definition:</i>	The number of new purchasing certifications issued to purchasers through the Texas Purchaser Certification Program.
<i>Purpose/Importance:</i>	Measures the results of the Texas Purchaser Certification Program and the qualifications of state purchasers through training, education and testing.
<i>Source/Collection:</i>	Internal certification tracking system.
<i>Method of Calculation:</i>	Total number of purchasers receiving certification each quarter.
<i>Data Limitations:</i>	Subject to agency requirements.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Number of HUB Field Audits Conducted	
<i>Short Definition:</i>	A manual count of the number of field audits conducted of applicants and registered HUBs.
<i>Purpose/Importance:</i>	Field audits ensure vendors are in compliance with HUB certification requirements.
<i>Source/Collection:</i>	VAX (statewide HUB reporting system) HUB compliance tracking database.
<i>Method of Calculation:</i>	Number of field audits conducted during a quarter.
<i>Data Limitations:</i>	N/A
<i>Calculation Type:</i>	Cumulative

<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Number of HUB Desk Audits Conducted	
<i>Short Definition:</i>	A manual count of the number of desk audits conducted of applicants and registered HUBS.
<i>Purpose/Importance:</i>	Desk audits ensure vendors are in compliance with HUB certification requirements.
<i>Source/Collection:</i>	VAX (statewide HUB reporting system) HUB compliance tracking database.
<i>Method of Calculation:</i>	Number of desk audits completed during the quarter.
<i>Data Limitations:</i>	N/A
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Number of HUB Seminars/Outreach Efforts Conducted	
<i>Short Definition:</i>	Measures the total number of statewide educational training/outreach seminars conducted for vendors and purchasers on an annual basis.
<i>Purpose/Importance:</i>	To provide HUBs and purchasers relative information to increase the availability and utilization of HUBs in the state's procurement opportunities. HUBs are listed in the HUB directory and are encouraged to be listed on the Centralized Master Bidders List (CMBL).
<i>Source/Collection:</i>	TPASS maintains a database that tracks Economic Opportunity Forums (EOFs) and other HUB training and educational events. Outreach efforts include seminars, forums, one-on-one meetings, training and networking events. Tracking information includes the dates, locations, type of information provided and participation of vendors and state agencies.
<i>Method of Calculation:</i>	A sum of the number of seminars/outreach events conducted.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	Yes
<i>Desired Performance:</i>	Target or higher
Measure: Number of Business Days to Process Non-Delegated Open Market Requisitions From Client Agencies (under Texas Government Code Annotated §2155.132)	
<i>Short Definition:</i>	The average number of business days needed by the Statewide Procurement Division to process individual agency requirements for goods and services that are not available on term contracts or scheduled purchases.
<i>Purpose/Importance:</i>	Measure demonstrates and documents the efficiency of processing open market purchases.
<i>Source/Collection:</i>	Data is obtained from the Automated Purchasing System's "Time to Final Disposition" (a.k.a. "Req. Time") Management report and is averaged by month. The data from the report is entered into a spreadsheet for analysis.

<i>Method of Calculation:</i>	All requisitions reported in the “final disposition” status during the month are included. The program tracks the business days each open market requisition took to get to the final disposition status. Business days that are outside of TPASS jurisdiction (on hold for referral or additional detail) are not included. The report calculates the average business days by dividing the net business days in TPASS Status by total number of requisitions to arrive at the average business days to process Open Market requisitions.
<i>Data Limitations:</i>	The processing of open market requisitions may be affected by statutory posting requirements and addendums to solicitations.
<i>Calculation Type:</i>	Non-Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower
Measure: Number of New HUB Applications Received	
<i>Short Definition:</i>	Number of new HUB applications received during the reporting period.
<i>Purpose/Importance:</i>	Reporting the number of new HUB applications received will provide more planning information, i.e. level of resources vs. demand for service. In addition, it will provide the necessary information to derive the number/percentage of HUB denials.
<i>Source/Collection:</i>	VAX tracking database.
<i>Method of Calculation:</i>	Electronically calculated based on information entered.
<i>Data Limitations:</i>	N/A
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Number of Pieces of Mail Metered	
<i>Short Definition:</i>	The number of pieces of mail metered through TPASS postage meters.
<i>Purpose/Importance:</i>	The TPASS provides the maximum available discount on postal rates. Providing this service to other state agencies will serve to reduce duplication of services by state government.
<i>Source/Collection:</i>	Mail is metered through TPASS postage meters. Piece volumes are automatically recorded on the CPA's Mail Management Software system.
<i>Method of Calculation:</i>	Sum total number of pieces of mail metered at end of quarter and end of year.
<i>Data Limitations:</i>	Volume of mail metered is customer driven.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

STRATEGY: COUNCIL ON COMPETITIVE GOVERNMENT (CCG)

Measure: State Agency Annual Savings and Measurable Value Resulting From CCG Initiatives

Short Definition: Annual savings and measurable value from ongoing (continuing from a previous fiscal year) Council on Competitive Government (CCG) initiatives and new CCG initiatives started during the fiscal year. A CCG initiative is the review and actions resulting from a review of any state service or activity that the CCG designates as an identified state service. Actions that result from a review may include a new contract, adjustment to existing contracts, realignment of activities across agencies or a change in agency policy or operation procedure as a result of review findings. An identified state service is a state service or activity designated by the CCG in an open meeting for evaluation and possible realignment or outsourcing to either a private entity or a state agency or university. Measurable value is the value of new services or capacity made available as a result of a CCG contract that is in addition to the original service.

Purpose/Importance: This measure provides an indication of the overall effectiveness of CCG initiatives.

Source/Collection: Data are collected by project contract administrators and reported to the CCG staff. Data collection is based on financial criteria based on CCG cost methodology or evaluating the Total Cost of Ownership impact from new contracts, renegotiated contracts or changes in agency policy or operating procedures. Measurable value is based on determining the monetary value of new capacity and services made available through CCG initiatives to state agencies.

Method of Calculation: Manually sum the total savings and measurable value from on-going CCG initiatives during the reporting period and the total savings and measurable value from CCG initiatives started during the reporting period. Results can be realized (removed from agency budgets by the Legislature) or unrealized (identified by CCG but remains in the agency budget). Savings is calculated by subtracting the dollar amount of the original contract from the dollar amount of the new CCG contract for the same services and/or by new post transaction rebates included within the new contract.

Data Limitations: CCG staff are not responsible for the primary collection of the data related to ongoing savings of existing contracts; it is the responsibility of contract administrators that do not fall under the direct control of the CCG.

Calculation Type: Cumulative

New Measure: Yes

Desired Performance: Target or higher

Measure: Number of Competitively Contracted State Services Under Council on Competitive Government Oversight

Short Definition: The number of active CCG services made available through competitively contracted state services. A CCG service is any state service or activity that the CCG establishes through a contract as a result of a feasibility review of an identified state service. An identified state service is a state service or activity designated by the CCG in an open meeting for evaluation and possible outsourcing to either a private entity or a state agency or university. A service is active during the time in which a CCG-approved contract or interagency agreement exists with an entity to perform the identified state service.

Purpose/Importance: This measure provides an indication of the overall CCG activities in outsourcing state services in a given fiscal year.

<i>Source/Collection:</i>	A manual sum of all CCG-approved contracts and interagency agreements that are under CCG oversight during a given fiscal year. A service is considered active throughout the duration of the contract or agreement period; therefore, a service that is performed as part of a multi-year contract or interagency agreement will be counted in each fiscal year covered by the contract agreement. CCG approval of contracts and interagency agreements is obtained from CCG open meeting minutes and signed contracts/interagency agreements. CCG open meeting minutes are approved by the CCG and maintained by CCG staff. Copies of all contracts and interagency agreements are maintained by the CCG Director.
<i>Method of Calculation:</i>	Manually sum the CCG-approved contracts and interagency agreements for competitively contracted state services under CCG oversight during a given fiscal year.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	Yes
<i>Desired Performance:</i>	Target or higher
Measure: Number of State Activities Proposed for Competitive Contracting Evaluated for Cost Effectiveness	
<i>Short Definition:</i>	The number of state activities that are reviewed by CCG as a result of designation by the Council as an identified state service. A state activity is considered under review when the CCG designates it as an identified state service or when the CCG reviews an unsolicited proposal for outsourcing an activity in an open meeting. Following the designation of a project as under review, the CCG will appoint an agency as the project lead. Staff from the project lead agency will then work with the CCG staff to determine whether or not there is the potential for savings in releasing the service for competitive bid.
<i>Purpose/Importance:</i>	This measure provides an indication of the overall CCG activities in actively reviewing potential new state services.
<i>Source/Collection:</i>	A manual count of state activities reviewed by CCG for possible competitive contracting during a given fiscal year obtained from CCG open meeting minutes. CCG open meeting minutes are approved by the CCG and maintained by CCG staff.
<i>Method of Calculation:</i>	Manually sum the number of state activities that the CCG designates as identified state services and the number of unsolicited proposals CCG agrees to review during a given fiscal year.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	Yes
<i>Desired Performance:</i>	Target or higher

STRATEGY: REVENUE AND TAX PROCESSING

Measure: Time Required to Generate Taxpayer Refunds (days)	
<i>Short Definition:</i>	This measure provides a monthly indicator of the average number of days to generate a taxpayer refund.

<i>Purpose/Importance:</i>	Over 80 percent of refund requests for taxes administered by this agency are received, analyzed and submitted for processing by this division. Using data from the three taxes with the highest volume (Sales, Franchise and Fuels) this measure provides a barometer of the time it takes to review a potential refund and enter its approval/denial into the computer system. This indicator is important because tax refunds represent one of the three administrative areas of the division.
<i>Source/Collection:</i>	OTC and SAS reports are generated monthly for Sales, Fuels and Franchise Tax Overpayments, as well as Fuels Tax Refund Claims. The section responsible for these taxes extracts the appropriate information for each of the four components and reports it to the Operations Support section on its monthly MIS report. The OS section collates the data and makes the final calculation.
<i>Method of Calculation:</i>	For each of the four components of the measure, two pieces of information are reported: “num-days” — which is the number of days from the generation date of an overpayment notice (or the process date of a refund claim) to the release date of the notice or claim (note: numdays are counted only for those items released during the reporting period); and, “frequency” — which is the actual number of overpayment notices and refund claims released during the reporting period. The total of the “numdays” for each of the four components is then divided by the corresponding “frequency” total. The resulting quotient is the reported measure.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower

Measure: Time Taken to Return Tax Allocations to Local Jurisdictions (days)

<i>Short Definition:</i>	This measure determines the actual number of days between the current monthly sales tax return due date and the date the allocation payments are released to local jurisdictions.
<i>Purpose/Importance:</i>	Tax allocation is one of the primary functions performed in this division. We have a responsibility to local jurisdictions to return local taxes collected in the most efficient and effective manner possible. This measure provides an indicator of how timely the allocation is returned.
<i>Source/Collection:</i>	The division utilizes a calendar to determine the number of days from the return due date to the date the payments are released.
<i>Method of Calculation:</i>	Each month, the actual number of days is counted between the tax return due date to the date the allocation payments are released to local jurisdictions. The allocation warrants are released the second Friday of each month following the verification process. An exception to the second Friday of every month rule would occur if a state-observed federal banking holiday fell during the allocation week. In that case, allocation payments would be released the following Monday. The return due date is the 20th of each month unless the 20th falls on a holiday or weekend, in which case the due date becomes the next business day. The target for this measure was derived by manually calculating the exact number of days between the return due dates to the date payments are released; adding the total number of days between the return due dates and the payment release dates for a 12 month period; and dividing the total number of days by 12 months. This calculation determines the average number of days to return tax allocation to local jurisdictions.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower

Measure: Average Tax Data Entry Turnaround Time	
<i>Short Definition:</i>	The average tax data entry turnaround time is the average turnaround time in hours, during both peak and non-peak processing periods, calculated from the time a tax document or return reaches Data Entry until it is keyed on the 3266 or OCR systems. This average is based on a 24- hour workday, Monday through Friday, excluding official holidays.
<i>Purpose/Importance:</i>	This measure provides a measure of the quickness that tax return information is updated to the agency's mainframe computing systems. This information is necessary for accurate, up to date data accessibility for agency personnel to use while working with taxpayer accounts. In addition, this data is used in the allocation of tax monies to local tax entities and governmental agencies and used in forecasting the economic well-being of the state.
<i>Source/Collection:</i>	A random sample of documents and tax returns received in the Data Entry area of Revenue Processing is compiled. The work is randomly checked as entry is completed. The time the work was received in Data Entry is taken from the associated batch header and compared to the actual time the work is completed to compute the average time to complete the entry. The sample sheets are maintained on a PC based program in Data Entry.
<i>Method of Calculation:</i>	Registers are checked after entry and the turnaround time for the documents sampled is computed at the end of each month. This information is entered into an Excel spreadsheet, which calculates the average turnaround time by taking the actual time it took to enter each document divided by the total documents sampled to derive the turnaround time.
<i>Data Limitations:</i>	None. Data is collected from random samples. Data could be impacted by system downtimes and/ or changes in agency-imposed tax.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower
Measure: Number of Tax Returns Processed	
<i>Short Definition:</i>	Number of tax returns processed is a measure of documents identified as tax returns received from taxpayers, which are processed through agency systems.
<i>Purpose/Importance:</i>	This measure is intended to show the number of tax returns which are processed by the agency in administering agency taxes. It is an important measure for determining staffing, system needs and effectiveness of administration.
<i>Source/Collection:</i>	All documents processed in the agency have a transaction code, which is captured at the source of entry or data capture. This code is maintained in a database along with the associated taxpayer information.
<i>Method of Calculation:</i>	A computer-generated register of transaction codes of documents identified as tax returns received from the taxpayer is compiled on the agency mainframe computer on a monthly basis. This register identifies all tax returns entered on a monthly basis and indicates the source of entry of the document.
<i>Data Limitations:</i>	This measure allows for the collection of data of tax returns processed through all systems in the agency, both manual entry and through electronic means. This data is checked periodically for accuracy.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No

<i>Desired Performance:</i>	Target or higher
Measure: Number of Payments Deposited	
<i>Short Definition:</i>	Number of payments deposited is the total number of checks and cash remittances deposited to the State Treasury by the agency. All payments processed in the agency have a transaction code, which is captured at the source of entry or capture. This code is maintained in a database along with the associated taxpayer information.
<i>Purpose/Importance:</i>	This measure provides information as to the effectiveness of the agency in processing tax receipts and maximizing interest to the state and in helping to determine the level of economic activity in the state.
<i>Source/Collection:</i>	The number of payments processed is captured both off of a mainframe entry program, RMIXIS, and through an automated program, ITIMS Proc, which captures both deposit and data entry information.
<i>Method of Calculation:</i>	A computer-generated register of transaction codes of documents identified as payments received from the taxpayer is compiled on the agency mainframe computer on a monthly basis. This register identifies all payments entered on a monthly basis and indicates the source of entry of the document.
<i>Data Limitations:</i>	This measure allows for collection of data of tax payments processed through all systems in the agency, both manual entry and through electronic means. This data is checked periodically for accuracy. Implementation of new data capture systems may change methodology and source data.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Number of Permits and Licenses Issued	
<i>Short Definition:</i>	This is the number of permits, decals and licenses verified and issued through Account Maintenance. Permits are issued for sales tax, fuels tax, tobacco tax and maquiladoras. Licenses and decals are issued for amusement tax and IFTA.
<i>Purpose/Importance:</i>	A permit or license is required for doing certain types of business in the State of Texas which involve the collection of taxes.
<i>Source/Collection:</i>	Permits and amusement license totals come from a ROSCOE report entitled TAM.LBBPERM; totals for the remaining types are located on various reports maintained by the division.
<i>Method of Calculation:</i>	The ROSCOE program, TAM.LBBPERM, captures data from the Account Maintenance Division time accounting system. Accounts examiners working permits, decals or licenses allocate their time to a designated function code along with quantity processed for these tasks. Data from the time accounting system is summed.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Measure: Number of Taxpayer Account Adjustments	
<i>Short Definition:</i>	The number of adjustments made to taxpayer accounts. Adjustments can be exceptions, adjustment notices and file maintenance entries to a taxpayer's account.
<i>Purpose/Importance:</i>	Corrections or updates are made to taxpayer accounts to ensure all data is current. Other areas of the agency, such as Enforcement and Audit, view this data via the mainframe system; taxpayer account information must be correct and current.
<i>Source/Collection:</i>	Each accounts examiner processes exceptions, adjustment notices and file maintenance records and enters their time and the quantity of adjustments made to the Time Accounting System on a daily basis. A ROSCOE program entitled TAM.CAROL92 captures the data.
<i>Method of Calculation:</i>	Totals are derived from information in the automated time accounting system function codes. A ROSCOE program is submitted on a monthly basis giving the total number of exceptions, adjustment notices and file maintenance processed. These three totals are added.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower
Measure: Number of Collection Actions Performed	
<i>Short Definition:</i>	Total number of collection actions performed in the division, including the number of hot check billings, liens filed, certifications filed with the Attorney General, judgments issued, bankruptcy claims filed, successor liability audits performed, security forfeitures, warrants held and determinations issued.
<i>Purpose/Importance:</i>	Advanced collections make up approximately one-third of the overall division operations. A number of these collection processes have related expenses that must be included in our annual budget. Performance measures are maintained to assist in forecasting the associated costs.
<i>Source/Collection:</i>	The number of collection actions performed is either entered to the agency's time accounting system, obtained from other mainframe system-generated reports or maintained on a manual spreadsheet. This information is obtained on a monthly basis from each affected section.
<i>Method of Calculation:</i>	Monthly reports are utilized to gather the total number of actions performed in each category and are added together for a monthly grand total. Reports used are either mainframe system-generated or maintained on a manual spreadsheet. Mainframe system reports are supported by the Information Technology Division and an in-house subject matter expert.
<i>Data Limitations:</i>	The Time Accounting System is used by all division employees to account for their time and inventory items cleared. We utilize this system for obtaining performance measure data, capturing the number of cleared inventory items and to assist us in workload management. In some instances we rely on other system-generated reports and manual spreadsheets to retrieve the reported data.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target

Measure: Number of Tax Refunds Issued	
<i>Short Definition:</i>	This measure counts the total number of tax and fee refunds processed through the Fund and Payment Reconciliation section of Revenue Accounting.
<i>Purpose/Importance:</i>	This measure allows us to track the total number of tax refunds being issued each month, including those reviewed and processed outside the division. This is important in that it allows the division to track, with one number, the volume of tax refunds issued and to identify the impact of any refunds being processed outside the division.
<i>Source/Collection:</i>	A mainframe computer-generated report from the Universal Statewide Accounting System (USAS) is received by the Fund and Payment Reconciliation section each month that details refunds issued. Adjustments are made to some figures by the section to account for manual adjustments not reflected in the report. Also, “refunds” issued for Unclaimed Property are deleted because they do not fall into the category of tax refunds. The report is then turned over to the Operations Support section along with other monthly MIS data from the section for the final calculations.
<i>Method of Calculation:</i>	The method of calculation is a straightforward sum. No formulas are applied in the process. From the report turned over to the Operations Support section, taxes and fees are grouped together and totaled for the division’s internal MIS report. The grand total of these groups, exclusive of Unclaimed Property, represents the final reported measure.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target
Measure: Number of Staff Hours Spent Allocating Local Option Taxes to Government Entities	
<i>Short Definition:</i>	This measure indicates the total number of staff hours spent verifying and allocating local option taxes to government entities.
<i>Purpose/Importance:</i>	We have a responsibility to local jurisdictions to return local taxes collected in the most efficient and effective manner possible. This measure provides an indicator of how many hours are spent analyzing data and processing necessary transactions prior to the release of the allocation.
<i>Source/Collection:</i>	This measure includes time spent allocating sales tax, mixed beverage gross receipts tax, hotel tax, the Law Enforcement Officers Standards and Education distribution to government entities and IFTA settlements between states. Hours also include the time spent on tasks directly affecting allocation such as reallocations, direct deposit, registers, election results, tax adoptions and annexations.
<i>Method of Calculation:</i>	Section monthly Time Accounting Reports are utilized to gather the total number of hours spent allocating local option taxes. Time Accounting is a mainframe system supported by Information Technology Division and an in-house subject matter expert.
<i>Data Limitations:</i>	The Time Accounting System is used by all division employees to account for their time and inventory items cleared. We utilize this system for obtaining performance measure data, capturing the number of cleared inventory items and to assist us in workload management.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target

Measure: Average Number of Hours to Deposit Receipts	
<i>Short Definition:</i>	This measure is intended to measure the effectiveness of depositing receipts, tax and fee payments which are defined as checks received.
<i>Purpose/Importance:</i>	This measure reflects the effectiveness of the agency in identifying and processing receipts from the public and maximizing interest revenue opportunities for the state.
<i>Source/Collection:</i>	A random sampling of receipt deposits is collected in the Document Classification Section. Key information (such as taxpayer number, tax type, and payment amount) is received and given to the Cashier's Office. This information is then checked against Batch Clearance Registers maintained in the Cashier's Office to determine the exact date and time of check entry and deposit. The Batch Clearance Register is generated from the mainframe as each deposit is made on a daily basis.
<i>Method of Calculation:</i>	The average number of hours from the receipt of the payment in Incoming Mail section through the remittance entry batch completion time is measured. The processing times for the samples taken are added together and this sum divided by the number of samples taken. This average is based on a 24-hour workday, Monday through Friday, excluding official holidays.
<i>Data Limitations:</i>	None. Data is collected from random samples. Data could be impacted by system downtimes and/or changes in agency-imposed tax.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower
Measure: Percent of Tax Payments Received Via Direct Deposit	
<i>Short Definition:</i>	The percent of all tax and fee payments processed by agency systems, which are remitted to the state via direct deposit or electronic funds transfer (EFT).
<i>Purpose/Importance:</i>	Tax payments made via direct deposit or EFT is a more efficient means of processing state revenue, versus the handling of paper checks. Money is deposited into the treasury faster, which allows the state to immediately begin collecting interest on the funds deposited. Processing paper payments (checks) requires extensive handling of paper and creates "float time" from the time of deposit until the time the state is credited with the payment and interest begins to accrue. Direct deposit results in funds being immediately available to the state, while paper payments can take several days to deposit due to mail and agency handling times, resulting in delayed availability of funds to the state.
<i>Source/Collection:</i>	Data is collected through an automated remittance inquiry system (RMIXIS) on the agency's mainframe computer. The Cashier's Office in the Revenue Processing Division also issues a monthly report entitled "Cashier's Statistics" reflecting this data.
<i>Method of Calculation:</i>	The percentage is calculated by dividing the total dollar amount of tax payments received via direct deposit by the total amount of tax payments received from all sources (paper and electronic).
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

STRATEGY: STATE ENERGY CONSERVATION OFFICE (SECO)

Measure: Percent of Public Schools That Sign Up for the WATT Watchers Programs During the Current Fiscal Year

Short Definition: The percentage of public schools in Texas that sign up for the WATT Watchers Programs during the current fiscal year.

Purpose/Importance: This percentage demonstrates the effectiveness of program marketing in reaching the target audience and responding to its needs.

Source/Collection: Program manager collects data from SECO contractors. Data is collected and entered into a program database by SECO staff.

Method of Calculation: The total number of public schools that sign up for the WATT Watchers programs during the current fiscal year is divided by the total number of public schools in Texas. The number of schools signed up in the WATT Watchers Program is determined by the SECO program manager based on reports generated by SECO contractors. The total number of schools in Texas is determined by data provided by the Texas Education Agency (TEA).

Data Limitations: None

Calculation Type: Cumulative

New Measure: No

Desired Performance: Target or higher

Measure: Energy Dollars Saved as a Percent of Energy Expenditures

Short Definition: The percentage of state agency energy savings achieved by LoanSTAR participants as compared to energy expenditures.

Purpose/Importance: This measure demonstrates the value of the LoanSTAR program in terms of return on investments.

Source/Collection: Data is entered into an Excel database by the LoanSTAR Program Manager.

Method of Calculation: Savings calculations are a combination of metering data collected by the Energy Systems Lab (ESL) through 8/31/02 and stipulated savings, which is the current method used to update savings data. Stipulated savings are predetermined/estimated annual savings identified in a detailed energy assessment report of a particular facility. This data provides an annual consumption baseline, which is then used to determine if the energy savings are being achieved.

Data Limitations: None.

Calculation Type: Non-cumulative

New Measure: No

Desired Performance: Target or higher

Measure: Energy Dollars Saved by LoanSTAR Projects (in millions)

Short Definition: The total energy cost savings for the current fiscal year attributed to building energy retrofits implemented through the LoanSTAR Program.

Purpose/Importance: This is a key measure that accounts for the total energy savings attributed to the LoanSTAR Program.

<i>Source/Collection:</i>	Savings data is entered into an Excel database by the LoanSTAR Program Manager.
<i>Method of Calculation:</i>	Savings calculations are a combination of metering data collected by the Energy Systems Lab (ESL) through 8/31/02 and stipulated savings, which is the current method used to update savings data. Stipulated savings are pre-determined/estimated annual savings identified in the detailed energy assessment report of a particular facility. This data provides an annual energy consumption base-line, which is then used to determine if the energy savings are being achieved.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher.
Measure: Number of Active LoanSTAR Loans Processed and Managed by SECO	
<i>Short Definition:</i>	The number of active LoanSTAR loans administered by the State Energy Conservation Office.
<i>Purpose/Importance:</i>	Loans in this category have been approved and are currently in some stage of completion between contract execution and final closeout.
<i>Source/Collection:</i>	Data is collected and entered into a program database (P.M. LoanSTAR Active Loans) by the LoanSTAR Program Administrator.
<i>Method of Calculation:</i>	The number of loans approved and in some stage of completion between contract execution and final closeout during the period being reported are manually summed based upon internal SECO documents. The number shown is an independent snapshot of activity for the time period being reported.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Number of Public Schools That Sign Up for WATT Watcher Programs During the Current Fiscal Year	
<i>Short Definition:</i>	The number of public schools in Texas that sign up for the WATT Watcher Program during the current fiscal year.
<i>Purpose/Importance:</i>	Measuring current year performance provides an accurate picture of actual performance in any given quarter or year.
<i>Source/Collection:</i>	Program manager collects data from SECO contractor. Data is collected and entered into a program database by State Energy Conservation Office staff.
<i>Method of Calculation:</i>	Calculations done by SECO staff based on SECO contractor documents. The number shown is an independent snapshot of activity for the time period being reported.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No

<i>Desired Performance:</i>	Target or higher
Measure: Energy Dollars Saved Per Dollar Spent for Energy Retrofit Programs	
<i>Short Definition:</i>	Identifies the ratio between energy dollars saved by SECO's institutional energy retrofit programs and the administrative dollars invested in program delivery.
<i>Purpose/Importance:</i>	The ratio established is critical in evaluating the overall administrative efficiency.
<i>Source/Collection:</i>	Data is entered into an Excel database by the LoanSTAR Program Manager.
<i>Method of Calculation:</i>	Savings calculations are a combination of metering data collected by the Energy Systems Lab (ESL) through 8/31/02 and stipulated savings, which is the current method used to update saving data. Stipulated savings are predetermined/estimated annual savings identified in the detailed energy assessment report of a particular facility. This data provides an annual energy consumption base-line, which is then used to determine if the energy savings are being achieved.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

Implementation of the Texas Transformation

MANAGED SERVICE DELIVERY

1. **Has the agency considered use of managed services in order to focus more on its business needs?**

Yes, the Comptroller's office currently uses multiple managed services provided by the Department of Information Resources (DIR) including the Capital Complex Telecom System, TEX-AN long-distance phone solution, CAPNET network, Interactive Voice Response system, TexasOnline credit card payment system and multiple technology contracts.

The agency also provides managed services to other agencies. The Comptroller's office offers the Uniform Statewide Payroll System and the Uniform Statewide Accounting System to all state agencies for payroll and accounting system support. By implementing complementary Business Intelligence capability, the agency reduced and/or eliminated the need for many agencies to utilize complex reporting systems for their payroll and accounting information. In addition, the Comptroller's office developed and implemented the Employee Information System, used by employees at several state agencies to validate salary payment information and leave balances.

MANAGED INFORMATION TECHNOLOGY (IT) SUPPLY CHAIN

2. **Does the agency leverage and obtain additional value from the Information and Communications Technology (ICT) Cooperative Contracts program; for example, by further negotiating not-to-exceed pricing?**

Yes, the Comptroller's office uses the DIR not-to-exceed pricing contracts as a starting point for further negotiation. When there are several vendors on DIR's list for a specific procurement, the agency will typically send pricing requests to at least three of the vendors. Frequently, the prices received from these requests are better than the listed prices on the DIR contract. The Comptroller's office has used the pricing request model with DIR's Seat Management contracts and other IT equipment contracts.

SECURITY AND PRIVACY

3. **Describe the agency's strategies to align with the State Enterprise Security Plan (<http://www.dir.state.tx.us/pubs/securityplan2007/index.htm>).**

The goals of the State Enterprise Security Plan are to:

- Prevent cyber attacks and incidents against critical infrastructure
- Reduce vulnerability to cyber attacks and other disruptions
- Respond and recover to minimize the impact of successful cyber attacks and disruptions

Given the importance of information technology networks and systems to the business processes of the Comptroller's office, the Innovation and Technology organization within the agency has aligned with DIR's goals and adopted an objective to protect its networks and systems from intrusion and disaster. Every effort is made to identify and mitigate vulnerabilities, including the development of a comprehensive information security risk management program.

Innovation and Technology's Information Security Office is responsible for this program in compliance with Title 1, Part 10, Chapter 202 of the Texas Administrative Code, which includes the following elements: security policy; risk assessment and management; systems development life cycle methodology; security certification and accreditation; business continuity and disaster recovery planning; security awareness training; incident response processes; and external network vulnerability review.

4. **Describe the agency's policies, practices and programs, implemented or planned, that comply with relevant statutes and administrative rules to ensure the privacy of confidential data.**

The Comptroller's office has implemented several measures to enhance the protection of confidential data, including improvements to system access control processes, implementation of a laptop computer data

protection solution and development of an agencywide policy to address the transfer of files containing confidential data.

In addition, the agency now ensures that all contracts with vendors requiring access to agency information resources include a security clause requiring the vendor to adhere to agency Information Security Policies and provide the ability to review their systems and policies for compliance.

The Comptroller's office is also performing a gap analysis for compliance with the Federal Information Security Management Act (FISMA). The Internal Revenue Service will begin auditing agency systems for FISMA compliance in 2009.

For Treasury and Fiscal Management systems, the agency is researching requirements for compliance with the Procurement Card Industry and Data System Security requirements.

Finally, the Comptroller's office interacts with state and federal security offices and professional organizations in order to leverage best practices concepts and capitalize on "lessons learned." The agency has adopted the National Institute of Standards and Technology (NIST) standards documented in the NIST Special Publications 800 series documents.

TECHNOLOGY POLICY, BEST PRACTICES AND PARTNERSHIPS

5. What current practices or plans are in place to improve usability and searchability of the agency's Web content?

In 2008, the Comptroller's office launched a redesign of the "Window on State Government" Web site to apply informed user feedback and testing with Web best practices to improve site consistency, offer an intuitive navigational structure, improve ease of use and ensure faster access to information and services based on user needs. Research efforts included online surveys (internal and external audiences), search keyword analysis, Web traffic analysis, a review of Web sites setting the highest standards in design and usability and in-house usability tests with real users in partnership with the School of Information at the University of Texas at Austin.

To make it fast and easy for customers to interact with the agency, key tasks were placed front and center with action-oriented language. A new "I Want To" section and new "Quick Start" pages to provide shortcuts to key content for diverse audiences were added. The navigational structure was reorganized to be more intuitive and efforts were made to design a clean and uncluttered user interface with careful adherence to accessibility guidelines.

The site's search function was placed in a more prominent location to guide users to the robust mini-Google search capabilities. In addition, a separate search for "Forms" was added based on user need to locate specific agency forms. The Public Outreach and Strategies area is also investigating software products that will provide enhanced search functionality for the Frequently Asked Questions documentation.

The agency's Web Team conducts ongoing user testing to ensure site usability meets the highest standards, consistently seeks feedback from internal and external users and monitors keyword search terms and site traffic patterns to improve services.

6. What current practices or plans are in place to improve life cycle management of agency data and information?

Within the Comptroller's office, Innovation and Technology, Open Records and Records Management are working together to develop policy and identify better ways to manage the agency's data and ensure compliance with statutes. One current initiative is focused on the policy, procedures and tools to support the automated deletion of e-mail from the e-mail server once a certain age is reached.

7. Describe agency methods and standards, implemented or planned, intended to enhance data sharing.

To support greater transparency in Texas state government, the agency has invested in Business Intelligence software and Data Warehousing as a means of sharing data with citizens, businesses and government agencies over the Internet. Several reports related to state expenditures have already been implemented and many more are planned.

CORE MISSIONS

8. **Does the agency have any plans to simplify or reduce the number of existing software platforms? If no, is the agency fully leveraging its technology to support both its current and future business environment?**

Yes, the Comptroller's office has embarked on an aggressive, multi-year technology modernization and application rewrite project. One objective is to modernize and consolidate the software programs used by the applications that support tax registration, filing and payment processes. This consolidation will provide greater staffing flexibility, simplify application interfaces, expand available hardware environments and increase the number of services available on the Inter-

net. This consolidation will also provide for a versatile staff that can maintain and support multiple applications with reduced recurring training costs.

9. **Describe any current or planned activities targeted at reducing the environmental resource consumption of technology equipment.**

The Comptroller's office is working with the Texas Facilities Commission to streamline its data center. By decommissioning the existing data center on the fourth floor of the agency's main office building and moving to a location on the ground floor with a smaller footprint and a more efficient power and cooling infrastructure, the agency hopes to realize a sizeable energy savings for the state.



APPENDIX F

Work Force Plan

I.

OVERVIEW OF AGENCY SCOPE AND FUNCTIONS

The Texas Comptroller of Public Accounts, created by the Texas provisional government on Dec. 30, 1835, was directed to keep an accounting of the infant nation's debts and pay them if and when money became available. The office continued as an appointed position in the Republic of Texas and, after statehood, became an elected position authorized by Article IV, Section 23, of the Texas Constitution of 1850.

Today, the Comptroller's office serves every citizen in the state. As Texas' chief tax collector, accountant, revenue estimator, treasurer and purchasing manager, the agency is responsible for writing the checks and keeping the books for the multi-billion dollar business of state government.

As the state's chief financial officer, the Comptroller's office collects taxes and fees owed the state. Most of the office's duties and powers are enumerated in the Texas Tax Code and in Chapter 403 of the Texas Government Code. As steward of the state's fiscal affairs, agencies depend on the Comptroller's office to pay their bills and issue paychecks to state employees. Legislators rely on the Comptroller to chart the course of the Texas economy, produce annual reports on the state's finances and estimate revenues coming to state government in the future. Taxpayers rely upon the agency for assistance and guidance regarding compliance with tax laws. Strict accountability in the collection and expenditure of taxpayer dollars is essential.

Senate Bill 20, as passed by the 74th Legislature, amended Chapter 404 of the Government Code to transfer the powers and duties of the State Treasurer to the Comptroller, effective Sept. 1, 1996. On Sept. 1, 2007, House Bill 3560, as passed by the 80th Legislature, amended various chapters of the Government Code to transfer the statewide procurement, fleet management and support services duties of the Texas Building and Procurement Commission, now the Texas Facilities Commission, to the Comptroller's office. At that time, the Comptroller's office became the state's purchasing manager, awarding and managing hundreds of

statewide contracts on behalf of more than 200 state agencies and 1,700 local government agencies.

The work of the Comptroller's office doesn't end there. Growing Texas' economy is vitally important to the prosperity and quality of life of all in the state. The agency provides a wide variety of assistance for business owners, local officials and individuals across Texas.

TAKING CARE OF TEXANS AND THE BUSINESS OF TEXANS

The Texas economy is on the brink of a new era. How Texans meet these challenges is important for continued growth and advancement in the years to come. By assisting communities and businesses in their efforts to create new jobs and improve the standard of living of all Texans, the Comptroller's office is committed to creating an environment in which a healthy economy can flourish.

As the state's chief tax collector, accountant, revenue estimator, treasurer and statewide purchaser, the Comptroller's office provides services to business owners, business taxpayers, local officials, Historically Underutilized Businesses (HUBs) and everyday Texans.

Business Owners and Business Taxpayers

- The Comptroller's office supports Texas business owners and offers an online Texas Business Advisor that helps entrepreneurs understand the steps involved in creating a new business.
- Texas Ahead provides a one-stop Web portal to economic resources for growing and governing Texas. The site offers targeted resources for businesses, local governments and economic development professionals, giving them vital information they need when making decisions about doing business in Texas or planning for economic growth.
- For business owners interested in doing business with Texas, the Texas Procurement and Support Services (TPASS) area manages the state's procurement and contracting programs and services. TPASS works with state entities and more than 12,000 state vendors and awards hundreds of contracts for goods and services.

- Because business owners are busy people, the Comptroller's office is committed to making the collection and remittance of sales and other taxes as convenient and trouble-free as possible. Many of the agency's services have moved online.
- From home or office computers, business owners and taxpayers can conduct a wide array of business with the agency, from applying for a sales tax permit and filing a return to requesting franchise tax extensions and submitting required reports.
- General information about state taxes, including relevant statutes, Comptroller rules and preprinted tax-related forms can all be obtained from a desktop computer.
- Telephone assistance for each of the taxes the Comptroller's office administers is provided, and sales taxpayers can file certain reports via telephone — all of it toll-free.
- For face-to-face contact, any of the agency's field offices throughout Texas are open to visitors. Field personnel can accept tax returns and payments, assist with tax permit applications and returns, answer taxability and collection-related questions and process requests for the permits, licenses and decals the agency provides.
- Taxpayer seminars are offered at locations around the state and online to provide useful information for buyers, sellers and service providers.

Historically Underutilized Business (HUB) Owners

- The state awarded more than \$1.8 billion in contracts and more than \$700 million in subcontracting opportunities to HUB-certified companies in fiscal 2007. Certifying minority- or women-owned businesses in the agency's Statewide HUB Program provides opportunities to do business with more than 300 state entities.
- The agency is ready to do business with all minority- or women-owned companies certified as HUBs. The HUB program of the Comptroller's office always strives to exceed the Legislature's goals for HUB participation. The agency is committed to promoting equal opportunities in contract awards, working with both prime contractors and HUB subcontractors. The HUB program offers a toll-free HUB Program Information line to obtain current bid opportunities and other information.

Local Officials

- The Comptroller's office is committed to partnering with local governments by providing vital management assistance to help streamline operations, improve customer service and ensure compliance with state laws.
- The agency provides a wealth of online information for local taxing authorities, including local sales and use tax information and tax rate histories for each taxing jurisdiction; answers to frequently asked questions; and historical information on local sales and use tax and mixed beverage tax allocation payments.
- Texas EDGE (Economic Data for Growth and Expansion) is the agency's online research service for businesses and local governments to provide up-to-date data for revenue planning and analysis, economic forecasting and site location decisions.
- The Property Tax area works to guarantee equality of school funding by maintaining the integrity of local property tax appraisals. The division conducts the state's annual Property Value Study, which is used to ensure and enforce appraisal accuracy. Seminars and presentations on the property tax are also offered for appraisal district personnel and taxing authorities.
- The Comptroller's office administers TexPool, an AAA-rated investment vehicle that provides more than 1,900 local governments across the state with a safe, efficient and liquid investment alternative.
- The Texas Cooperative Purchasing Program (CO-OP) takes the volume purchasing power of Texas — more than \$13 billion in purchased commodities and services in fiscal 2007 — and brings it to more than 1,700 local government members. CO-OP purchasing means buyers have access to state contracts with no bidding required — just order from more than 200 state contracts. Member governments can purchase copiers, vehicles, road and highway materials and many other products for the same price as state agencies. The Comptroller's office also offers members onsite training as well as training sessions at various statewide events, conference calls, an online CO-OP manual, online Webinars and more.
- The State Energy Conservation Office (SECO) provides local governments with free energy assessments, technical support, energy management workshops and low-interest loans that are repaid by the energy savings generated by the project.

Everyday Texans

- The Comptroller's office offers the Texas College Savings Plan, which allows individuals to accumulate savings and make withdrawals for qualified educational expenses without paying federal income tax on the earnings.
- The Comptroller's free monthly newsletters provide lively, topical looks at the Texas economy and government affairs. *Fiscal Notes* provides entertaining, informative articles on trends and events affecting the state economy. *Texas Innovator* examines new breakthroughs in science, government and business. The newest publication, *Texas Rising*, covers exciting developments and ideas in the world of local economic development.
- Texans deserve to know how state funds are spent. The Comptroller's office is committed to helping state agencies provide a new level of transparency and accountability by giving Texans an inside look at state agency expenditures through the agency's Web site, "Window on State Government", at www.window.state.tx.us.
- The Open Records area oversees nearly 600,000 written requests for information each year. Information is provided via paper copies or in various electronic formats.
- The Unclaimed Property area is responsible for reuniting "abandoned" properties with their owners. Abandoned properties can include any type of forgotten financial asset, such as bank accounts, safe deposit box contents, insurance proceeds, utility deposits, uncashed payroll checks, cashier's checks, stocks and bonds and more. An online database of abandoned property that can be accessed and searched 24 hours a day, seven days a week is maintained. A claim form can be generated online.

OUR MISSION

The Office of the Comptroller of Public Accounts will serve the people of Texas by applying the tax and fiscal laws fairly and consistently. We will continue to improve our services through innovative management and technology, carrying out all our duties with integrity, openness and at the least cost to the taxpayer.

OUR PHILOSOPHY

We will carry out our duties openly, ethically and fairly. We will emphasize transparency and ensure greater accountability by making records freely accessible. We will listen to those we serve and ask them to judge our performance. We will deliver more services at lower costs by continually examining and improving

the efficiency of our work. Employees will be rewarded for initiative, good ideas and productivity. While mindful that the human element is the source of creativity, we will seek out and use innovative technology to do our jobs simpler, smarter and faster. We will keep our word and deliver what we promise.

OUR COMPACT WITH TEXANS – WHAT YOU CAN EXPECT FROM US

The Comptroller's office will provide every customer with fast, fair and efficient service; exceed expectations; and continually explore ways to save taxpayer dollars through simpler, smarter and faster solutions.

Our Customer Service Principles

- Dynamic Assistance
- Quality Work
- Accessible Staff and Facilities
- Fair and Equitable Treatment
- Innovation and Improvement
- Privacy and Confidentiality
- Fast Response to Problems

Dynamic Assistance

The "Texas Taxpayer Bill of Rights" summarizes the agency's commitment to customer service for Texas taxpayers. The goal of this bill of rights, and the Comptroller's office, is to ensure those individuals and businesses who file and pay state taxes receive the treatment and service to which they are entitled.

- You're going to be treated with fairness, courtesy and genuine respect because it's the Texas thing to do.
- You'll get fast, accurate responses to your information needs. That's an important part of our job.
- If you ever have a complaint, it will be handled by an agency-appointed expert ombudsman.
- The rules, publications and forms are readily available and written clearly.
- Helpful information resources are available at any of our statewide offices or at your fingertips at www.window.state.tx.us.
- The tax process is fair and confidential. The timelines are clear. We will do everything we can to work with you and meet your needs.

Offices are open between 8 a.m. and 5 p.m., Central Standard Time, Monday through Friday. Tax assistance telephone lines are open from 7:30 a.m. until 5:30 p.m., Central Standard Time, Monday through Friday. Informa-

tion is available on the agency's Web site 24 hours a day, 7 days a week.

Quality Work

The agency's trained, professional staff aims to get every aspect of a customer's affairs right the first time.

Accessible Staff and Facilities

Agency staff may be contacted by e-mail, telephone or letter. Field offices located across Texas are also open to visitors.

Headquarters address:

111 East 17th Street
Austin, Texas 78774

Mail correspondence to:

P. O. Box 13528
Austin, Texas 78711

Agency switchboard:

(800) 531-5441
(7:30 a.m.-5:30 p.m., Central Standard Time,
Monday-Friday)

Fair and Equitable Treatment

The Comptroller's office promises tax and fiscal processes that are fair, equitable and timely. For special needs, any of the agency publications can be made available in Braille, large print, audiotape or Spanish. An alternate format can be requested by contacting the agency's customer service representative at comptroller.help@cpa.state.tx.us.

Innovation and Improvement

Customer input is critical to the agency's continuous improvement efforts. Customers are surveyed on a regular basis to obtain input and ideas to improve agency processes.

Privacy and Confidentiality

The Comptroller's office will follow the letter of the law when it comes to taxpayer privacy and confidentiality.

Fast Response to Problems

Despite the agency's best efforts, there could be times when delays arise. All complaints are handled with a sense of urgency. If a complaint is filed, a response can be expected within 10 working days.

Tax disputes previously handled by the Comptroller's office are now heard by administrative law judges with the Tax Division of the State Office of Administrative Hearings. Contact the State Office of Administrative Hearings at questions@soah.state.tx.us.

Due to the size and number of programs administered by the Comptroller's office, two individuals assist in resolving customer issues. The Customer Relations Representative works with customers who have non-tax related issues, while the Agency Ombudsman assists customers with tax or business-related issues.

Agency staff will treat all customers with care and attention whether filing a tax return, undergoing an audit or simply seeking information.

Our Customer Service Standards

- Online tax information will be available 24 hours a day, seven days a week.
- Qualifying taxpayers can file state sales tax returns via the Internet 24 hours a day, seven days a week.
- Telephone messages will be returned within 24 hours.
- Complaint letters will receive responses within 10 days.

The Comptroller's office regularly assesses its customer satisfaction levels through a number of surveys and report cards. Because of the complexity and range of duties performed by the agency, areas individually survey their customers. The agency also monitors its progress through the use of performance measures designed to evaluate the level of customer satisfaction with major areas of the agency. A separate Comptroller's Report on Customer Service is available on the agency's "Window on State Government" Web site.

OUR GOALS, OBJECTIVES AND STRATEGIES

GOAL I.

Improve voluntary compliance with the tax laws.

Texas Tax Code, Titles 2 and 3.

As state government's chief tax collector, the Comptroller administers the state's tax laws through auditing, enforcement and the dissemination of tax policy information. Voluntary compliance is viewed as the cornerstone of tax administration. The state's ability to fund its many

programs depends in large part on taxpayers meeting their tax responsibilities willingly.

Our Objectives:

- Increase the accuracy and number of audits and improve assessments from audits
- Achieve average account closure rates, ratios and turnaround times
- Improve taxpayer ratings of accuracy and speed of information disseminated
- Issue timely position letters

Our Strategies:

- Maintain an ongoing program of audit and verification activities
- Improve compliance with tax laws through contact and collection programs
- Provide information to taxpayers, government officials and the public
- Provide tax hearings, represent the agency and provide legal counsel

GOAL II.

Efficiently manage the state's fiscal affairs.

Texas Constitution (Art. III, Sec. 49a, 49g, 49k); Texas Local Gov't Code, Sections 112.003, 154.008; Texas Gov't Code, Chapters 41, 401, 403, 404, 406, 604, 608, 659-662, 666, 815, 825, 830, 840, 1201, 2101, 2103, 2155, 2162, 2175, 2252, and 2254; Texas Education Code, Chapter 57; Texas Election Code, Chapter 19; Texas Property Code, Chapter 74.

As Texas' chief financial officer, the Comptroller manages most of the state's fiscal affairs. The Comptroller is state government's primary accountant, responsible for writing the state's checks and monitoring all spending by state agencies. The Comptroller is also the state's official revenue estimator, providing the Legislature with anticipated state revenue information.

Beginning on Sept. 1, 1996, the Comptroller assumed the functions of the State Treasury, including the receipt, custody and safekeeping of public moneys and the administration of unclaimed property reported to the state.

On Sept. 1, 2007, House Bill 3560, as passed by the 80th Legislature, transferred the statewide procurement, fleet management and support services duties of the Texas Building and Procurement Commission, now the Texas Facilities Commission, to the Comptroller's office.

Our Objectives:

- Certify the general appropriations act
- Obtain a customer satisfaction rating of good or excellent on systems
- Increase the volume of direct deposits
- Improve the accuracy of the property value study
- Identify and develop research to promote understanding of fiscal issues
- Maximize state revenue by processing monies electronically
- Ensure the receipt of quality, cost-effective goods and services
- Achieve savings and measurable value from competitive services

Our Strategies:

- Project, account, audit and report receipts and disbursements for the state
- Issue payments
- Provide assistance and training to state agencies
- Maintain an integrated and uniform financial management system
- Conduct a property value study and provide assistance to appraisal districts
- Provide information and analysis to the public and private sectors
- Ensure that the state's assets and cash receipts are properly secured
- Provide statewide procurement and support services to state agencies and cooperative entities
- Identify and review state programs, services and processes that can be more cost-effectively provided through competitive bidding initiatives

GOAL III.

Expediently manage the receipt and disbursement of state tax revenue.

Texas Gov't Code, Chapter 403; Texas Tax Code, Titles 2 and 3.

As the state's chief tax collector, the Comptroller is responsible for collecting more than 60 separate taxes, fees and assessments, including local sales taxes on behalf of more than 1,500 cities, counties and other local governments. This responsibility includes maintaining taxpayer accounts, processing tax payment exceptions and adjustments and paying all unclaimed property claims.

Our Objectives:

- Generate taxpayer refunds
- Return tax allocations
- Maintain turnaround times

Our Strategy:

- Improve tax and voucher data processing, tax collection and disbursements

GOAL IV.

Develop and maintain a skilled work force, committed to quality performance.

(No specific statutory authorization).

The Comptroller's complex and varied duties require experienced, highly trained employees. The Comptroller's pledge is to provide useful training and educational opportunities for all staff. Extensive efforts have been made to make high-quality training available and accessible to those who need it, when they need it.

Our Objective:

- Ensure that each year the Comptroller's work force will be able to attend classes that will enable them to become more productive and knowledgeable employees.

Our Strategy:

- Make high-quality training available and accessible to those who need it, when they need it.

GOAL V.

Maximize customer satisfaction by improving services while minimizing administrative burdens on those we serve.

(No specific statutory authorization).

The Comptroller's office serves two types of customers. Our external customers are the taxpayers, vendors, state agencies and government officials for whom we provide various services. The nature of our agency's relationship to its external customers is different from those in the private sector, in that most of our customers are required by law to do business with us. Nonetheless, our success in improving voluntary compliance with tax laws, for example, depends in large part on the level of satisfaction our external customers feel toward our services.

Within the agency, our divisions support each other, thus creating internal customers. The level of service we

provide to one another is a crucial factor in our efforts to achieve our goals.

Our Objective:

- Attain highest ratings possible from those we serve as evidenced by feedback provided through surveys, cards or any other measuring device used by the agency.

Our Strategy:

- Improve services delivered to our internal and external clients in support of the Comptroller of Public Accounts' mission to serve the people of Texas.

GOAL VI.

Establish and carry out policies governing purchasing and all contracting that foster meaningful and substantive inclusion of Historically Underutilized Businesses (HUBS).

Texas Gov't Code, Chapter 2161.

The Comptroller of Public Account's HUB Program is committed to promoting equal opportunities in the contract awards process for Historically Underutilized Businesses statewide and to serving as an exemplary model for other state agencies in meeting the HUB mandate.

Our Objective:

- Include HUBs in at least 57.2 percent of all agency dollars spent for special trade construction; 20 percent of all agency dollars spent for professional services; 33 percent of all agency dollars spent for other services; and 12.6 percent of all dollars spent for commodities.

Our Strategy:

- Maintain ongoing program of activities to ensure HUB vendor participation in the procurement process.

OUR OPPORTUNITIES

In her inaugural speech, Texas Comptroller Susan Combs said, "This office is a unique state agency with a legendary reputation for outstanding service. We will preserve that reputation and build on it."

To preserve that reputation, and be the most efficient and effective agency in state government, the Comptroller's office faces many challenges. New legislation increased the taxpayer base by over 225,000, requiring more audits, more enforcement work and greater information system capacity.

Technology – and the Web in particular – has changed the expectations for customer service at all levels. As the agency competes with the private sector, customers request, and expect, easier systems and quicker response times.

The agency also faces stiff competition from the private sector for highly skilled workers. With an aging work force, the loss of institutional business knowledge and expertise due to retirement poses a dilemma for the agency and the state.

To meet these challenges, the agency must build upon and improve the efficiency of agency operations. Due to tight finances and legislative employment caps, the Comptroller's office can expect no significant increase in funding or staffing for the foreseeable future. Retirement and turn-over continue to deplete the existing work force.

As a result, the agency must work:

- Simpler: Identify processes and technology to make employees' jobs easier.
- Smarter: Eliminate bottlenecks and improve efficiency.
- Faster: Use technology to save taxpayers time and money, with "one-stop shopping" and a single point of entry for agency services.

By working together, employees can identify and develop more efficient ways to take care of daily business as well as build upon and/or improve operational efficiency, organizational effectiveness and service levels to both the internal and external customer base. Through ongoing business process improvement efforts, the agency will enhance its ability to meet an increased demand for services and provide stellar customer service.

Over the next five years, the Comptroller's office will:

- Focus on core functions
- Be a process-based organization
- Manage processes and resources from an agency-wide perspective
- Provide clients with one-stop shopping, allowing them to have one entry point to all of the agency's services
- Use technology wherever time and cost savings can be achieved

These efforts will increase the agency's efficiency and ability to meet increased demand, but even the most efficient operation will falter and technology will not be able to live up to its full potential without a skilled work force. In

conjunction with business process improvement efforts, the agency's work force plan is designed to:

- Develop a skilled, well-trained work force; and
- Attract and retain the right employees for the job.

By thoroughly training staff and transferring institutional knowledge, the Comptroller's office will be able to mitigate the loss of experienced staff due to retirement. Ongoing assessments of employee skill levels and active recruiting to fill gaps in expertise will allow the agency to keep pace with staff losses.

II.

CURRENT WORK FORCE PROFILE (SUPPLY ANALYSIS)

CORE FUNCTIONS AND CRITICAL WORK FORCE SKILLS

Core Functions

- Collect state taxes and fees
- Enforce tax laws
- Provide tax assistance
- Oversee the state's fiscal affairs
- Estimate state revenue and monitor state expenditures
- Process and deposit state revenue
- Manage statewide purchasing and contracts

Critical Work Force Skills

Although the agency has many talented and qualified employees, there are a number of critical skills that are important to the agency's ability to operate. The Comptroller's office could not effectively accomplish basic business functions without these skills:

- Customer service
- Analysis/research
- Problem solving
- Communication (verbal and written)
- Computer proficiency (skills requirements range from entry-level end-user to the highly-skilled information technology specialist)
- Investigation
- Auditing/accounting
- Financial analysis
- Management

Work Force Demographics

As of March 31, 2008, the Comptroller's office had a total headcount of 2,693 employees. The following tables profile the agency's work force, including both full-time and part-time employees. The Comptroller's work force is comprised of 43 percent males and 57 percent females. Over 47 percent of the agency's work force is 50 years or older with over 35 percent of the work force having 21 or more years of state service. Employee tenure with the agency breaks down as follows:

- 48 percent of the work force has 10 years or less tenure with the agency;
- 26 percent has 11-20 years of experience; and
- 26 percent of employees have 21 years or more of service with the agency.

Statistics show that almost one-half of the work force has 10 years or less experience working in the Comptroller's office with proficiency levels ranging from minimal knowledge to working knowledge of processes. Twenty-six percent or just over one-fourth of the Comptroller's work force has 11-20 years of tenure with expertise ranging from working knowledge to the mastery level. Employees with 21 years or more of experience with the Comptroller's office, with expertise levels ranging from mastery to acknowledged subject matter expert, comprise 26 percent of the work force. These employees are also keepers of institutional business knowledge.

The data clearly demonstrates the agency will experience a disparity in knowledge and experience levels within the next five years unless succession-planning strategies are implemented to address the transfer of institutional business knowledge and professional expertise.

WORK FORCE BREAKDOWN

Age

	Number of Employees	Percent of Employees
20 – 29 years	194	7.2%
30 – 39 years	424	15.7%
40 – 49 years	797	29.6%
50 – 59 years	1,008	37.5%
60 – 69 years	262	9.7%
70 – 79 years	8	0.3%

Source: Uniform Statewide Payroll System.

Gender

	Number of Employees	Percent of Employees
Male	1,159	43%
Female	1,534	57%

Source: Uniform Statewide Payroll System.

State Tenure

	Number of Employees	Percent of Employees
0 – 5 years	511	19.0%
6 – 10 years	476	17.7%
11 – 15 years	311	11.6%
16 – 20 years	433	16.1%
21 – 25 years	362	13.4%
26 – 30 years	345	12.8%
31 – 35 years	208	7.7%
36 – 40 years	43	1.6%
Over 40 years	4	0.1%

Source: Uniform Statewide Payroll System.

Agency Tenure

	Number of Employees	Percent of Employees
0 - 5 years	793	29.5%
6 - 10 years	510	18.9%
11 – 15 years	297	11.0%
16 – 20 years	394	14.6%
21 – 25 years	239	8.9%
26 – 30 years	274	10.2%
31 – 35 years	161	6.0%
36 – 40 years	21	0.8%
Over 40 years	4	0.1%

Source: Uniform Statewide Payroll System.

Statewide Employment Statistics

Job Category	African American		Hispanic American		Females	
	Comptroller	State	Comptroller	State	Comptroller	State
Officials/Administration	13.5%	6.6%	13.5%	14.2%	38.3%	37.3%
Professional	16.3 %	8.3%	25.1%	13.4%	55.2%	53.2%
Technical	8.8%	12.4%	12.4%	20.2%	47.1%	53.8%
Administrative Support	19.8%	11.2%	38.5%	24.1%	71.91%	64.7%
Skilled Craft Worker	50.0%	6.0%	50.0%	37.5%	0.0%	4.8%
Service/Maintenance	0.0%	13.8%	0.0%	40.7%	0.0%	39.0%

Sources: Uniform Statewide Payroll System and Texas Workforce Commission (TWC).

Note: TWC statistics extracted from "Equal Employment Opportunity and Minority Hiring Practices Report, January 2007."

COMPTROLLER'S WORK FORCE COMPARED WITH STATEWIDE CIVILIAN WORK FORCE

The *Statewide Employment Statistics* table above compares the percentage of African American, Hispanic and Female Comptroller employees (as of March 31, 2008) to the statewide civilian work force as reported by the Texas Workforce Commission. For most job categories, the agency is comparable to or above statewide work force statistics. The Comptroller's office does not employ significant positions in the Service Maintenance class, which includes occupations where workers perform duties that result in or contribute to the comfort, convenience, hygiene or safety of the general public.

EMPLOYEE TURNOVER

During the last five years, the agency's turnover rate has fluctuated. Although turnover in fiscal 2003 was 10.3 percent as compared with 12 percent in fiscal 2007, the agency experienced significant decreases in turnover in fiscal years 2004 and 2006.

Currently, the turnover rate for the agency is 5.4 percentage points lower than the average state turnover. The *Overall Turnover* table compares the average agency turnover to that of the state over the last five years.

Overall Turnover

Fiscal Year	Comptroller	State
2007	12.0%	17.4%
2006	7.5%	15.8%
2005	11.2%	16.9%
2004	8.3%	15.1%
2003	10.3%	17.4%

Sources: Uniform Statewide Payroll System and the State Auditor's Office (SAO).

Note: SAO statistics extracted from "An Annual Report on Full-Time Classified State Employee Turnover" (for respective fiscal years).

Turnover by Classification Job Series

Classification Job Series	Total Terminations
Auditor	61
Accounts Examiner	38
Program Specialist	42
Systems Analyst	42
Tax Compliance Officer	25

Source: Uniform Statewide Payroll System (Fiscal 2007 data).

Turnover by Length of Service

FY	# Terms	0 - 5 Years	6 - 10 Years	11 - 15 Years	16-20 Years	21 - 25 Years	26 - 30 Years	31+ Years
2007	344	126	69	21	24	25	55	24
2006	221	114	32	16	18	8	23	10
2005	336	135	34	25	18	37	70	17
2004	252	104	28	20	16	17	57	10
2003	299	92	23	25	15	44	89	11

Source: Uniform Statewide Payroll System.

Turnover by Age

FY	# Terms	0 – 19 Years	20 – 29 Years	30 – 39 Years	40 – 49 Years	50 – 59 Years	60 – 69 Years	70 – 79 Years	80 – 89 Years
2007	344	0	60	65	58	115	46	0	0
2006	221	5	44	55	32	63	19	2	1
2005	336	6	54	46	52	156	21	1	0
2004	252	0	29	50	38	120	14	1	0
2003	299	0	30	34	32	157	43	3	0

Source: Uniform Statewide Payroll System.

RETIREMENT ELIGIBILITY

Data obtained from the Employees Retirement System shows projected retirements for the Comptroller's office over the next four fiscal years. The loss of employees due to retirement is, and will continue to be, a critical issue facing the agency. The loss of institutional business knowledge and expertise in key management and senior-level professional positions coupled with normal attrition poses a critical work force dilemma for this agency as well as the state. It is important to ensure this technical knowledge and organizational experience is not lost. The following table examines the potential loss of employees due to retirements.

Projected Comptroller Retirements

Fiscal Year	Projected Retirements	Percent of Total Agency FTEs (FTE Cap = 2,996.6)
2008	119	4.0%
2009	124	4.1%
2010	119	4.0%
2011	123	4.1%

Source: Employees Retirement System.

III.

FUTURE WORK FORCE PROFILE (DEMAND ANALYSIS)

Critical Functions

- Possible expansion of, or changes to, existing taxes or the enactment of new taxes.
- Legislative mandates impacting the administration and delivery of agency services.

Expected Work Force Changes

- Increased use of technology to revise and streamline work processes.
- Cross-trained employees in functional areas.
- Greater demand for Web related services.

Anticipated Increase/Decrease in Number of Employees Needed to Do the Work

- Maintain current staffing level. Any decrease in staffing would significantly impact the agency's ability to perform required services.
- Reallocate FTEs within the agency to address increased demands.
- Continuously review and develop efficient work processes.

Future Work Force Skills Needed

The Comptroller's office anticipates future core work force skills will be the same as current skill requirements. As the agency increasingly utilizes technology to streamline processes, meet the demands of customers and provide more efficient services, however, additional skills may be required for the future work force. Needed skills might include more advanced computer-related skills (e.g., systems design and analysis and Web design and development) and the ability to acclimate to new or modified application systems.

IV.

GAP ANALYSIS

Anticipated Surplus or Shortage of Workers or Skills

After analyzing the work force information gathered from agency divisions, it is clear the primary gap that must be addressed between the agency's current work force supply and future demands is in transferring institutional business knowledge and technical expertise (mastery level). Overall,

the agency work force currently has the necessary skills to do the required work. In the next five years, however, the agency will experience a shortage of required skills, particularly in management and senior level professional positions due to potential retirements and normal attrition.

- There is a potential skills imbalance “gap” between tenured/skilled employees (employees with 15+ years of service) with institutional business knowledge and technical expertise and employees with less tenure (10 years or less service). Consequently, the future work force may lack mission critical skills unless steps are taken to develop less tenured employees.
- The agency will continue its efforts to identify key positions in management and key senior-level professional positions for succession planning.

- Human Resources will continue to work with divisions on developing desired skill sets and competencies for their areas.

As part of the Work Force Planning process, Human Resources distributed a Work Force Planning Questionnaire to division management to develop a profile of current division skill levels and future workload demands. The following skills were identified as priorities for employees over the next five years. These skills were rated on a scale from one to four to determine the current proficiency level and the desired proficiency level. The results are illustrated below.

Skill Levels

Skill	Current Competency Level	Projected Competency Level Within the Next 5 Years	Needed Competency Level	Gap
Auditing	4	2	4	2
Advanced Financial Analysis	3	2	4	2
Analysis	4	2	4	2
Communication	3	3	4	1
Computer Proficiency	3	2	4	2
Customer Service	4	3	4	1
Investigation	4	2	4	2
Research	4	3	4	1
Management	4	2	4	2
Problem Solving	4	2	4	2

Current = Average competency level for incumbents performing core functions

Projected = Average competency level projected for employees performing core functions within the next 5 years

Needed = Average competency level needed for future employees performing core functions

Gap = Difference in skill level between needed and projected competency levels

0 = No knowledge

1 = Minimal knowledge, familiarity with skill

2 = Working knowledge, proficiency in skill

3 = Professional level, mastery skill

4 = Acknowledged expert in skill, able to mentor and train other employees

V.

STRATEGY DEVELOPMENT

The Comptroller's office has always emphasized training. One of the agency's six primary goals is to:

Develop and maintain a skilled work force, committed to quality performance

In order to address any deficits between the Comptroller's current work force and future demands, several strategic objectives have been incorporated into the agency's work force plan. These objectives were developed based on factors identified through the agency work force analysis. The Comptroller's future work force requirements can be met through the accomplishment of two key objectives:

Objective: Develop a Competent, Well-Trained Work Force.	
<i>Rationale:</i>	Approximately 16 percent of the Comptroller's work force is projected to be eligible to retire within the next four years. The most critical issue facing the agency is the potential skills gap that will occur due to employee retirements. The agency relies heavily on a competent and knowledgeable staff and the loss of mastery-level expertise and institutional business knowledge will have a significant impact on agency services. The training and development of current employees is critical to the success of the agency. The agency must assess existing staff to determine which employees demonstrate the potential or interest to develop new competencies and assume new or modified positions.
<i>Action Steps:</i>	<ul style="list-style-type: none"> • Identify agency critical skills and competencies with input from divisions. • Conduct an assessment of the level of risk facing the agency regarding the potential loss of knowledge, particularly in areas where loss is likely due to the imminent retirement of employees in key positions. • Develop succession-planning and knowledge transfer strategies to ensure that institutional business knowledge and technical expertise is transferred to less tenured employees. Promote these strategies as an agency priority and include accountability measures. • Train management staff to address skill imbalance issues. Implement accountability measures to ensure managers develop and execute appropriate strategies to successfully address skill "gaps" within their division. • Expand and enhance training curricula and programs to include effective leadership, mentoring and contemporary management training skills, as well as assess and address division specific training needs. • Create a management development program based on specific assessment criteria to create a group of potential candidates for future leadership positions. Require candidates to participate in professional management training that would include opportunities to apply and prove leadership qualities and abilities. • Implement mentoring programs for all levels of job categories matching seasoned employees with new employees. • Include "job shadowing," or pairing new employees with more seasoned employees, as a routine part of employees' job descriptions. • Enhance the agency's tuition reimbursement program to encourage employees to further their education. • Encourage employees to pursue professional certification(s) in their areas of employment when possible.

Objective: Attract and Retain the Right Employees for the Job

Rationale: Recruiting excellent workers is the cornerstone of building a quality work force. Retaining those same employees in a competitive market remains a continuing challenge. Retention of state employees will require a partnership between state leadership and state agencies. State leadership must offer competitive salaries and benefits packages and allow flexibility to administer non-monetary incentives. State agencies must take responsibility to recruit quality workers, recognize excellent performance and provide development opportunities. The Comptroller's office must provide quality training and professional development for all employees that focus on agency and division critical skills, competencies and technical requirements. Mentoring and learning opportunities such as job shadowing must be expanded to maintain institutional business knowledge and technical expertise and enhance career and professional development opportunities for employees.

- Action Steps:*
- Identify classification job series with the highest turnover and implement more aggressive recruitment and retention strategies for these positions.
 - Implement more aggressive cross-training opportunities within divisions to ensure continuity of business functions and processes.
 - Enhance and expand recruiting efforts to incorporate marketing the agency as an employer of choice.
 - Market career assessment resources and professional development opportunities.
 - Further develop and promote agency mentoring programs.
 - Develop career paths that cross division lines and market as opportunities to develop additional skills and increase advancement possibilities.
 - Create programs that allow employees who are seeking new challenges to work on special projects, rotations and/or developmental or "stretch" assignments.
 - Utilize pay incentives, where appropriate, to attract and retain staff.
 - Adjust salaries within assigned pay ranges for employees in positions that are either critical or key functions or have high turnover rates.
 - Create formal rewards and recognition programs and activities within divisions.
 - Continue to allow employees to utilize the agency's alternative work schedule programs to the extent possible.

VI.**SUCCESSION PLANNING PROGRESS**

The Comptroller's office has implemented and will continue to put into practice the action steps outlined above. Strategies such as creating opportunities for employees to work on special projects, development projects or "stretch assignments," cross-training of staff by subject-matter experts and/or retirees, job shadowing, structured on-the-job training and recognition programs have been implemented in various divisions.

Most divisions have expanded efforts to implement informal plans to transfer institutional business knowledge and subject matter expertise. The Comptroller's office is in the process of implementing a four phase pre- and post-su-

pervisory training program to provide growth opportunities for interested employees.

The agency is also implementing a more formalized process to capture and transfer institutional business knowledge. Human Resources staff is working with multiple divisions on knowledge transfer strategies in the short term that can then be replicated in other agency divisions over the long-term.

Staff is implementing an updated performance appraisal process based on competencies to assist management in designing effective employee development plans to ensure continuity of core business processes. The revised performance appraisal process will allow for the inventory of position competencies and skill requirements and include an

employee professional development plan. This model will also include the integration of employee job descriptions, accomplishments and specific behaviors expected for each performance rating as well as manager/employee feedback.

The process is part of a formal succession-planning program to include an employee assessment and management development training plan. The process will include

the ability to generate reports to assist with projecting staffing needs, identify critical and/or key positions and match employee competencies/skills with business needs. Transferring institutional business knowledge to ensure continuity of agency functions is a dynamic process and continues to be a work in progress.

Agency Strategic Plan

For the Period
2009-2013

Glossary of Terms

Agency Business Plan

An internal document used to communicate to all employees an overview of divisional plans and the path the agency will follow to reach its goals.

Agency Goals

The general ends toward which agencies direct their efforts. A goal addresses issues by stating policy intention. They are both qualitative and quantifiable, but not quantified. In a strategic planning system, goals are ranked for priority. Goals stretch and challenge an agency, but they are realistic and achievable.

Agency Mission

The reason for an agency's existence. It succinctly identifies what the agency does, and why and for whom it does it. A mission statement reminds everyone — the public, the Governor, legislators, the courts, and agency personnel — of the unique purpose promoted and served by the agency.

Agency Philosophy

The expression of core values and operating principles for the conduct of the agency in carrying out its mission. It describes how the agency conducts itself as it does its work.

Agency Strategic Plan

An external document required of all state agencies within the executive branch of Texas state government. It is the result of a long-term, future-oriented process of assessment, goal setting, and decision-making that maps an explicit path between the present and a vision of the future and leads to priority-based resource allocation.

Division Business Plan

A document which describes how a division will contribute towards the accomplishment of the Agency Strategic Plan. The division defines its goals and objectives and determines strategies for accomplishing them. Although its scope is long-term, plans are updated each year to allow for changes in circumstances affecting strategies.

External/Internal Assessment

An evaluation of key factors that influence the success of an agency in achieving its mission and goals. Detailed evaluation of trends, conditions, opportunities, and obstacles directs the development of each element of the strategic plan. Key external factors may include economic conditions, population shifts, technological advances, geographical changes and/or statutory changes. Key internal factors include management policies, resource constraints, organizational structure, automation, personnel, and operational procedures.

HUB

Refers to a historically underutilized business that is a corporation, sole proprietorship, partnership, joint venture, or supplier contract formed for the purpose of making a profit in which at least 51 percent of all classes of the shares of stock or other equitable securities are owned by one or more persons who: (1) are socially disadvantaged because of their identification as members of certain groups, including African Americans, Hispanic Americans, women, Asian Pacific Americans and Native Americans, and have suffered the effects of discriminatory practices or similar insidious circumstances over which they have no control; and (2) have a proportionate interest and demonstrate active participation in the control, operation and management of the business entity's affairs.

Inputs

The resources that an agency uses to produce services, including human, financial, facility or material resources.

Objectives

Clear targets for specific action. They mark interim steps toward achieving an agency's long-range mission and goals. Linked directly to agency goals, objectives are measurable, time-based statements of intent. They emphasize the results of agency actions at the end of a specific time.

Outcome Measures

The indicators of the actual impact or effect upon a stated condition or problem. They are tools to assess the effectiveness of an agency's performance and the public benefit derived. An outcome measure is a means for comparison between the actual result and the intended result.

Output Measures

Tools, or indicators, to count the services and goods produced by an agency. The number of people receiving a service or the number of services delivered are often used as measures of output.

Strategic Planning

A long-term, future-oriented process of assessment, goal-setting and decision-making that maps an explicit path between the present and a vision of the future, that relies on careful consideration of an organization's capabilities and environment and leads to priority-based resource allocation and other decisions.

Strategic Planning and Budget Structure

The framework used by an agency in preparing its request for appropriations. An agency's strategic planning and budget structure consists of goals, objectives and strategies, and their related outcome, output and efficiency measures, derived from the agency strategic plan. Only those elements in an approved strategic planning and budget structure may be utilized by an agency as items in its request for appropriations.

Strategies

Methods to achieve goals and objectives. Formulated from goals and objectives, a strategy is the means for transforming inputs into outputs, and ultimately outcomes, with the best use of resources. A strategy reflects budgetary and other resources.

Vision

An inspiring picture of a preferred future. A vision is not bound by time, represents global and continuing purposes and serves as a foundation for a system of strategic planning. A statewide vision depicts an ideal future for the people of Texas and the contributions that state government can make to that end.



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